

**UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
BEAUFORT DIVISION**

)	Civil Action No.: 9:15-cv-02446-SB
Phillip Ross and Kimberly Ross,)	
)	
Plaintiffs,)	COMPLAINT
)	(Jury Trial Requested)
v.)	(Class Action)
)	
Hilton Head Island Development Company,)	
LLC, Sunrise Vacation Properties, Ltd.,)	
Coral Sands Owners' Association, Inc.,)	
Hilton Head Hospitality, LLC d/b/a Hilton)	
Head Guest Services, RCI, LLC, Sherri J.)	
Smith, B. Dean Pierce, Dave Watson, and)	
Sheldon Stanhope,)	
)	
Defendants.)	
)	

COME NOW Plaintiffs complaining of Defendants and would respectfully show unto the Court and allege as follows:

SUMMARY OF CAUSES OF ACTION

Plaintiffs are victims of fraud and the violation of various statutory and common laws and seek the certification of a class action alleging against Defendants, being timeshare companies, timeshare salespeople, and timeshare-related entities and individuals, the following causes of action:

- (1) Fraud/Intentional Misrepresentation;
- (2) Violation of the South Carolina Vacation Timeshare Act (hereinafter "South Carolina Timeshare Act");
- (3) Violation of the South Carolina Unfair Trade Practices Act;
- (4) Violation of the South Carolina Consumer Protection Code;
- (5) Breach of Contract;
- (6) Negligent Misrepresentation;
- (7) Breach of Fiduciary Duty;
- (8) Civil Conspiracy;
- (9) Declaratory Judgment;

- (10) Negligent/Grossly Negligent Hiring;
- (11) Negligent/Grossly Negligent Selection;
- (12) Negligent/Grossly Negligent Contracting;
- (13) Negligent/Grossly Negligent Training;
- (14) Negligent/Grossly Negligent Supervision;
- (15) Negligent/Grossly Negligent;
- (16) Negligent/Grossly Negligent Retention; and
- (17) Civil Racketeer Influenced and Corrupt Organizations Act (hereinafter “RICO”).

PARTIES AND JURISDICTION

1. Plaintiffs are citizens and residents of the State of Ohio.
2. Defendants Hilton Head Island Development Company, LLC, Sunrise Vacation Properties, Ltd., Coral Sands Owners’ Association, Inc., and Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services are companies and corporations organized and existing under the laws of the State of South Carolina with their agents, employees, and principal places of business in Beaufort County, South Carolina, upon information and belief.
3. Defendant RCI, LLC is a company organized and existing under the laws of the State of Indiana and is not registered to do business in the State of South Carolina, upon information and belief.
4. Defendants Sherri J. Smith, B. Dean Pierce, Dave Watson, and Sheldon Stanhope are citizens and residents of Beaufort County, South Carolina, upon information and belief.
5. Dave Watson is the “Vacation Counselor” or salesperson, upon information and belief; the identity of the salespersons is known to Defendants and the same information is in the possession and/or control of Defendants.
6. Sheldon Stanhope is the “Verification Officer” or deeder; the identity of the deeder is known to Defendants and the same information is in the possession and/or control of Defendants.
7. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332 because

the amount in controversy exceeds \$75,000.000, exclusive of interest and costs, and because there is complete diversity of citizenship between Plaintiffs and Defendants. Further, Plaintiffs allege a cause of action for violation of the Racketeer Influenced and Corrupt Organizations Act under federal law and thus constituting federal-question jurisdiction.

8. Venue is proper in the Beaufort Division insofar as a substantial portion of the events of the matter took place within Beaufort County, South Carolina.

FRAUDULENT TIMESHARE SALES

9. Plaintiffs incorporate the preceding Paragraphs as if fully set forth herein verbatim.

10. Plaintiffs were interested in vacationing in 2012 and were offered a discount vacation package by, upon information and belief, Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services on behalf of Hilton Head Island Development Company, LLC.

11. Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services, on behalf of Hilton Head Island Development Company, LLC, solicited Plaintiffs' attendance at a timeshare presentation, sold Plaintiffs a discount vacation by phone, and e-mailed a confirmation of same to Plaintiffs in Ohio from Sunrise Vacation Properties, Ltd.'s locations in Georgia and/or South Carolina, upon information and belief.

12. Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services promised Plaintiffs that, in exchange for Plaintiffs attending a timeshare sales presentation, Plaintiffs would be rewarded with additional days' accommodations that Plaintiffs could utilize to extend their vacation on Hilton Head Island.

13. Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services provided Plaintiffs with lodging at the Park Lane Hotel on Hilton Head Island, South Carolina.

14. Upon arrival, the representatives of Park Lane Hotel informed Plaintiffs that, contrary to the representations of Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services, Plaintiffs could not use those additional days' accommodations during their current vacation and could only use the additional days' accommodations upon returning at a later date.

15. Soon thereafter, Plaintiffs left for the beach and were immediately solicited for a timeshare sales presentation by someone at one of the many kiosks littering Hilton Head Island, and Plaintiffs informed the individual that they were already scheduled for a timeshare sales presentation.

16. Employees or independent contractors at kiosks as such are often referred to as "body snatchers" or "hawkers" in timeshare lingo.

17. On or about June 19, 2012, Plaintiffs visited the office of Coral Resorts at 33 Office Park Road, Hilton Head Island, South Carolina, in order to take the timeshare sales presentation.

18. Plaintiffs had never purchased or owned another timeshare.

19. Dave Watson, the "Vacation Counselor" and salesperson, met with Plaintiffs and asked Plaintiffs how much they would be willing to pay for a vacation.

20. Dave Watson made numerous misrepresentations to Plaintiffs, the same which were confirmed by the manager and Sheldon Stanhope.

21. Dave Watson falsely promised that:

- i. Plaintiffs could use their timeshare every year;
- ii. Plaintiffs could use their timeshare for one week every year;
- iii. Plaintiffs could use their developer's week every year, though there are blackout dates because of golfers;

- iv. Defendants would run out of timeshares eventually because they could no longer build out on Hilton Head Island because no more zoning permits were being issued;
- v. Because there was no more building permitted, there would not be any more maintenance fees or costs;
- vi. The rental of Plaintiffs' annual timeshare week and developer's week would result in income with which Plaintiffs could pay off their \$7,920.00 loan from Hilton Head Island Development Company, LLC with the 19.606% interest rate and that Plaintiffs could thereafter profit from the same;
- vii. Plaintiffs' weeks would rent for approximately \$2,000.00 for each week through Defendants' affiliate, Resort Solutions, Inc.;
- viii. Maintenance fees would be \$350.00;
- ix. The value of Plaintiffs' timeshare would increase due to the building permit and zoning restrictions as described hereinabove;
- x. Plaintiffs were required to reserve their timeshare for use through RCI, as RCI was Defendants' affiliate, and Plaintiffs could not reserve their unit directly otherwise; and
- xi. Additional representations as may be discovered during the investigation and prosecution of this matter up to and including trial.

22. Plaintiffs were not informed that they would be required to pay the maintenance fees for three years in advance.

23. Defendants, namely the salesperson, manager, and deeder, and their related

entities, agents, and individuals, did affirmatively make certain misrepresentations, including but not limited to those set forth herein, on behalf of Defendants concerning Defendants' sales offers, benefits, and contents of the contract documents, as well as such further and other representations as may be discovered during the investigation and prosecution of this matter and set forth at trial.

24. Following such representations and in reliance upon same, Plaintiffs agreed to purchase timeshare properties from Defendants.

25. The salesperson and manager informed Plaintiffs that, before they could leave, the deal needed to be closed.

26. Sheldon Stanhope represented to Plaintiffs that he was an independent attorney whose job was to make sure everything was "on the up and up," that he was brought in as a third party to validate the contract, and that he was Plaintiffs' advocate.

27. Sheldon Stanhope very briefly reviewed various documents with Plaintiffs and confirmed the lies and misrepresentations made by the salesperson and manager.

28. Sheldon Stanhope was the only other person present when the documents were reviewed and signed by Plaintiffs.

29. Sheldon Stanhope gave Plaintiffs a copy of certain of the documents after Plaintiffs' signed the same.

30. Plaintiffs attempted to book their vacation with Dave Watson on the date of purchase, but Dave Watson informed Plaintiffs that Plaintiffs had to wait at least three months.

31. After three months, Plaintiffs attempted to book their vacation and discovered that they did not have enough points and that there was no availability.

32. Plaintiffs followed up with Dave Watson on many occasions and did eventually

speak with Dave Watson.

33. Dave Watson informed Plaintiffs that they should try harder to book a vacation and that they should go to the website www.rci.com and look for cancellations to get a good deal.

34. Plaintiffs and Dave Watson went onto the website www.rci.com at the same time and Dave Watson begrudgingly admitted that Plaintiffs did not have enough points and could not reserve anything for their vacation.

35. Dave Watson then informed Plaintiffs that he needed a few days and would call Plaintiffs back, but Dave Watson never called Plaintiffs back and never returned any of Plaintiffs' many phone calls thereafter.

36. In order to avoid the exorbitant 19.606% loan that Plaintiffs took out from Hilton Head Island Development Company, LLC in order to purchase the timeshare unit from Hilton Head Island Development Company, LLC, the same entity being both the seller of the timeshare and the lender of the loan to purchase the timeshare, Plaintiffs soon thereafter paid the purchase price in full.

37. Despite the same, Defendants have, to date, failed and refused to deliver to Plaintiffs a deed to the timeshare.

38. Plaintiffs have never been able to stay at their timeshare unit purchased from Defendants.

39. Plaintiffs have never received a check in the mail from the rental of their timeshare unit.

40. Plaintiffs recently received an invoice requiring pre-payment of maintenance fees for three years in advance.

41. Plaintiffs were provided with an old, out-of-date Public Offering Statement containing admittedly false information and lacking the information required by the South Carolina Timeshare Act and without certain information advising Plaintiffs of their rights, responsibilities, and obligations.

42. Plaintiffs were provided with a misleading document entitled “Annual Global Points,” the same being the first document reviewed with Plaintiffs by Spencer Fulkert.

43. Plaintiffs were provided with misleading documents referencing the tri-ennial timeshare as “Tri-X,” the same being prohibited by the South Carolina Real Estate Commission and written notice of same having been previously delivered to certain of Defendants.

44. Plaintiffs were provided with a Purchase Contract which does not contain a space for Plaintiffs’ signatures in immediate proximity to the five day rescission period as required by the South Carolina Timeshare Act.

45. Plaintiffs were not provided with all of the documents listed in Paragraph 15 of the Purchase Contract in violation of the South Carolina Timeshare Act, the same or some of the same being allegedly ordinarily contained on a disc and which has never been provided to Plaintiffs.

46. Plaintiffs were provided with a Purchase Contract which, in Paragraph 20, falsely represents that representations of Resort Condominiums International, Inc. are representations of Interval Internal, Inc., in violation of the South Carolina Timeshare Act.

47. Plaintiffs were provided with an incomplete copy of the Coral Sands Purchaser Loan Agreement on the date of purchase in violation of the South Carolina Timeshare Act.

48. Plaintiffs were provided with an incomplete copy of the Coral Sands Purchase Loan Agreement on the date of purchase which falsely represents that Dwight R. Trew was the

Managing Member of Hilton Head Island Development Company, LLC on the date of purchase in violation of the South Carolina Timeshare Act.

49. Plaintiffs were provided with an incomplete copy of the Title to Equitable Interest in Real Estate on the date of purchase in violation of the South Carolina Timeshare Act and Plaintiffs have not received a fully completed copy of the same to date.

50. Upon information and belief, a second witness signed the Title to Equitable Interest in Real Estate without having any knowledge of Plaintiffs or their signing of the same and falsely represented that the second witness witnessed Plaintiffs' signature on the same in violation of the South Carolina Timeshare Act.

51. Plaintiffs were provided with a copy of the Coral Sands Horizontal Property Regime Purchaser's Understanding and Acknowledgements on the date of purchase which falsely represents that Coral Sands is the seller of the timeshare and falsely represents that the Purchase Contract contains the entire agreement between the seller and Plaintiffs.

52. Plaintiffs were provided with a copy of the RCI POINTS PARTICIPATION AGREEMENT on the date of purchase which falsely represents that Plaintiffs' timeshare is of the "ANNUAL" ownership type.

53. Plaintiffs were provided with a Purchaser Loan Agreement that did not contain the arbitration provision on page one thereof in bold type in violation of the law.

54. Plaintiffs were provided with a copy of the Public Offering Statement on the date of purchase which falsely represents that Trew Holdings, LLC is the seller of the timeshare in violation of the South Carolina Timeshare Act.

**REGISTRATION AND LAPSE OF TIMESHARE REGISTRATIONS AND FAILURE
TO RENEW, UPDATE, AND AMEND FOR SEVERAL YEARS:
(1) CORAL SANDS, (2) ISLAND LINKS, (3) PORT O'CALL, AND (4) CORAL REEF**

55. Plaintiffs incorporate the preceding Paragraphs as if fully set forth herein verbatim.

56. A complete copy of the January 23, 2013 South Carolina Real Estate Commission Transcript is publicly available on the internet here: http://www.islandpacket.com/2014/07/11/3206778_coral-resorts-hearing-transcript.html?rh=1.

57. The Transcript is of a hearing held in public, as noted in the transcript by the South Carolina Real Estate Commission and opposing counsel in the instant lawsuit, and the Transcript is not restricted from being used and/or distributed in any way whatsoever, upon information and belief.

58. Defendants contend that Plaintiffs are somehow restricted as to the publicly available Transcript as a result of a discovery order in a different lawsuit of which Plaintiffs were not parties stating that publicly available documents are discoverable.

59. Defendants further contend that Plaintiffs are somehow restricted as to the publicly available Transcript as a result of an allegedly secret order obtained in private by Defendants from an administrative body, the same proceeding of which Plaintiffs were not parties, and the same being preposterous and alleged in bad faith for the sole purpose of attempting to intimidate Plaintiffs and their counsel and confuse the Court in a desperate attempt to avoid serious class action liability.

60. Defendants even previously attempted to obtain an injunction prohibiting the Island Packet Newspaper from publishing the above-referenced transcript on its website, the same which was refused by the Court, and did obtain an *ex parte* emergency restraining order

against Plaintiffs' counsel, the same which was wrongly issued, expired, and is rescinded.

61. The Registrations with the South Carolina Real Estate Commission to sell timeshares from within the Coral Sands, Island Links, Port O'Call, and Coral Reef Horizontal Property Regimes expired on or about April 11, 2008; September 11, 2005; March 2, 2006; and June 13, 2007, respectively, due to nonpayment of annual registration renewal fees, upon information and belief.

62. The Coral Sands, Island Links, Port O'Call, and Coral Reef Owners' Associations, B. Dean Pierce, K. Michael Barfield, and/or the sellers of the timeshares failed to timely pay the renewal fees detailed herein despite having been repeatedly provided in writing with the lapse and renewal dates for Coral Sands, Island Links, Port O'Call, and Coral Reef (hereinafter "Timeshare Resorts") and despite absolute requirements set forth in the South Carolina Timeshare Act.

63. Nekki Shutt, Esquire, states and confirms during the January 23, 2013 South Carolina Real Estate Commission Administrative Hearing that the same is a public proceeding and that the annual renewal fees for the Timeshare Resorts' Registrations were inadvertently not paid.

64. K. Michael Barfield testified under oath during the January 23, 2013 South Carolina Real Estate Commission Administrative Hearing that the responsibility of sending the \$250.00 check to the South Carolina Real Estate Commission for an amendment to a time sharing plan is his office's responsibility, his office being Barnwell, Whaley, Patterson, & Helms, LLC, upon information and belief.

65. In 2014, K. Michael Barfield, through his office at Barnwell, Whaley, Patterson, & Helms, LLC, paid the annual renewal fees for the Timeshare Resorts' Registrations to the

South Carolina Real Estate Commission by way of checks from the appropriate Timeshare Resorts' owners' associations.

66. B. Dean Pierce testified under oath during the January 23, 2013 South Carolina Real Estate Commission Administrative Hearing that he did not become aware of the non-payment of the annual renewal fees for the Timeshare Resorts' Registrations until no earlier than September of 2012.

67. B. Dean Pierce testified under oath during the January 23, 2013 South Carolina Real Estate Commission Administrative Hearing that he would have paid the fees if he would have known they were due.

68. The Timeshare Resorts' Owners' Associations, B. Dean Pierce, K. Michael Barfield, and/or the sellers of the timeshares were responsible for paying the Timeshare Resorts' annual renewal fees to the South Carolina Real Estate Commission, upon information and belief.

69. B. Dean Pierce is the President of the Timeshare Resorts' owners' associations and the sellers of the timeshares, upon information and belief.

70. The January 23, 2013 South Carolina Real Estate Commission Administrative Hearing regarded Coral Resorts, LLC, Hilton Head Island Development Company, LLC, Coral Holdings, LLC, Sunrise Vacation Properties, Ltd., Coral Sands Horizontal Property Regime, Island Links Horizontal Property Regime, Port O'Call Horizontal Property Regime, and Coral Reef Horizontal Property Regime.

71. Nekki Shutt, Esquire; James E. Smith, Esquire; Sharon Dantzler, Esquire; Kathleen McDaniel, Esquire; and Drew Laughlin, introduced as Mayor of Hilton Head Island but purportedly testifying as a private individual, all appeared on behalf of the above-listed entities during the January 23, 2013 South Carolina Real Estate Commission Administrative Hearing.

72. The Timeshare Resorts' Registrations were not renewed until no sooner than January 23, 2013 during or following the open and public South Carolina Real Estate Commission Administrative Hearing.

73. Prior to the failure to renew and the lapse of the Timeshare Resorts' Registrations, Defendants would regularly and annually notify, update, and seek the approval of the Real Estate Commission in writing for material changes to the time sharing plans, including but not limited to changes in the selling entity, management of the selling entities, contracts, purchase loan agreements, and other documents constituting the Timeshare Resorts' Registrations.

74. Prior to the failure to renew and lapse of the Timeshare Resorts' Registrations, the Real Estate Commission would communicate that, so long as there have been no material changes to the time sharing plan, the Real Estate Commission would renew the plans for another year.

75. K. Michael Barfield testified under oath during the January 23, 2013 South Carolina Real Estate Commission Administrative Hearing that the Timeshare Resorts' plans themselves determine what constitutes a substantial change and what must be submitted to the Real Estate Commission, despite that material changes must be approved by the South Carolina Real Estate Commission pursuant to the South Carolina Timeshare Act.

76. Defendants failed to meet all legal and regulatory requirements to engage in the sale of timeshare properties to the public, including but not limited to the specific sale of the subject timeshare property to the Plaintiffs insofar as Defendants' timeshare registration had lapsed at the time of sale to the Plaintiffs and the annual renewal and registration fee for the year in which Plaintiffs purchased had not been paid as of Plaintiffs' purchase date.

77. Defendants further failed to perform all other requirements for the period of time

encompassing the sales transactions with Plaintiffs, upon information and belief.

78. Due to Defendants' failure to meet all legal and regulatory requirements to engage in the sale of timeshare properties to the public, Defendants violated the South Carolina Timeshare Act by engaging in the sale of timeshare properties to Plaintiffs with unregistered timeshare plans.

79. Defendants further violated the South Carolina Timeshare Act by Defendants' failure to timely pay the annual renewal Registration fees.

80. Defendants further failed to update and obtain approval from the South Carolina Real Estate Commission as to material changes in the time sharing plan, including but not limited to changes in the selling entities, changes to the purchase contracts, including but not limited to the inclusion of an arbitration provision, changes to the address of the seller, changes to the public offering statement, and other changes to be discovered during the investigation and prosecution of this matter.

81. All or some of Defendants' collective entities failed to renew, amend, and update the Real Estate Commission of the changes to the Timeshare Resorts' Registrations.

82. Upon information and belief, all or some of Defendants' collective entities failed to renew, amend, and update the Real Estate Commission of at least five discrete pieces of information and/or documents.

83. Defendants, by and through their agent, sign, acknowledge, promise, and affirm in the Order of Registration that they are jointly and severally liable with the Broker-in-Charge and/or marketing and sales agency, the same listed as co-Defendants in the instant lawsuit, generally and specifically under the South Carolina Timeshare Act and South Carolina Unfair Trade Practices Act.

84. Upon information and belief, Defendants, by and through their agent, sign, acknowledge, promise, and affirm in the Order of Registration that Defendants will sell the timeshares according to the terms of the Purchase Contract, Deed, Purchase Loan Agreement, Disclosure Statement, and other documents, a copy of said documents submitted for prior approval before use being attached and incorporated into the Order of Registration.

85. Defendants assert that there is no penalty for the failure to comply with the requirement of the South Carolina Timeshare Act that annual renewal fees for the Timeshare Resorts be timely paid.

86. Defendants assert that they privately obtained a secret administrative ruling that retroactively registers the four Timeshare Resorts' Registrations, nullifies the law, and deprives Plaintiffs and all others of their express statutory rights and rights to bring a private cause of action under the South Carolina Timeshare Act, the same being absolutely absurd and contrary to all notions of justice and principles of law.

GENERAL ALLEGATIONS

87. Plaintiffs incorporate the preceding Paragraphs as if fully set forth herein verbatim.

88. Plaintiffs did not know and should not have known of the conduct at issue prior to the expiration of any applicable statute of limitations and have filed the instant lawsuit within the applicable statutes of limitations for all claims as to all Defendants.

89. Upon information and belief and to be determined during the investigation and prosecution of this matter, during all times complained of herein, each and every agent and/or employee of each and every Defendant was working as an agent and/or employee of one or more or all of the other Defendants and, as such, each and every Defendant is responsible for the acts

and/or omissions of all other Defendants, their agents, and employees at all times set forth herein.

90. Alternatively, upon information and belief and to be determined during the investigation and prosecution of this matter, during all times complained of herein, each and every Defendant was working as an alter ego of one another and was acting in the capacity of a joint enterprise and as such is responsible for the acts and/or omissions of all other Defendants, their agents, and/or employees at all times set forth herein.

91. Defendants were employed by and/or associated with an enterprise as described below and as set forth herein.

92. The enterprise operated separately and distinctly from each individual Defendant.

93. The enterprise executed a complex scheme of institutional and individual fraud designed to conceal from Plaintiffs, prospective timeshare purchasers, and the consuming public the actual information contradicting Defendants' assertions and representations concerning its timeshares, terms and conditions, and their features, as set forth herein.

94. This enterprise was exposed only after certain information came to light, namely documents received from the State of South Carolina, Federal Trade Commission, and Town of Hilton Head Island by Freedom of Information Act requests, as well as a multitude of similar complaints from Defendants' defrauded customers resulting in more than sixty lawsuits against Defendants and their related entities and individuals for identical or nearly identical allegations of timeshare fraud and violations of the law.

95. For a period of years, Defendants' enterprise unlawfully marketed and sold its timeshare properties to the general public in violation of the applicable statutory laws regarding same, including through numerous instances of the repetitive use of mail and wire transmissions,

such amounting to a scheme of racketeering activity.

96. Defendants did solicit timeshare purchasers through mail and wire transmissions.

97. Defendants did conduct transactions through interstate banking and credit card processing.

98. Defendants did perpetuate the fraudulent scheme and violations of the law through interstate mail and telephone communications.

99. The Defendants named herein are persons within the meaning of 18 U.S.C. 1961(3) and 1964(c).

100. The association in fact as herein described was an enterprise within the meaning of 18 U.S.C. 1961(4) and 1962(a), with said enterprise engaged in activities affecting interstate commerce.

101. Defendants were each associated with the enterprise and participated in its management and operation by directing its affairs and by conducting business with each other as assisting in the scheme.

102. The activities of the association in fact form a pattern, continuous in nature, which consists of numerous unlawful and fraudulent individual acts directed to Plaintiffs and members of the public.

103. Each of the named Defendants' participation in both the operation and management of the scheme was essential to its success.

104. In addition to creating the fraudulent scheme, Defendants and its agents sought to perpetuate the scheme by making false representations to the regulatory agency regarding Defendants' timeshare plans and their amendments, significant changes to the plans, as well as stifling aggrieved purchasers from redress for claims of fraud and other statutory violations, and

using exorbitant interest rates, penalties, and late fees, combined with the possibility of negative credit reporting, to coerce defrauded timeshare purchasers to continue making payments despite Defendants' unlawful behavior.

105. The enterprise engaged in interstate commerce in that, inter alia, Plaintiffs and other of Defendants' purchasers/prospective purchasers were residents of numerous states, as were various of Defendants' agents, including marketing personnel.

106. Furthermore, Defendants marketed and sold to their timeshare purchasers and general public through the use of interstate mail and wires, such amounting to mail and wire fraud pursuant to 18 U.S.C. 1341 and 18 U.S.C. 1343.

107. Further, fees and revenues generated and maintained by the scheme were distributed amongst enterprise members across state lines, upon information and belief.

108. Defendants' multiple predicate acts of racketeering activity form a pattern of racketeering activity in that the predicate acts are continuous and related.

109. Sunrise Vacation Properties, Inc. has a contract with the sellers of timeshares and/or the Timeshare Resorts' owners' associations to sell timeshares for the Timeshare Resorts.

110. Upon information and belief, Sunrise Vacation Properties, Inc. cannot sell timeshares for any other resorts.

111. Upon information and belief, the Timeshare Resorts cannot contract with any other entity to sell their timeshares.

112. Upon information and belief and to be determined during the investigation and prosecution of this matter, the salesperson or "Vacation Counselor" and/or the deeder or "Verification Officer" were independent contractors of Sunrise Vacation Properties, Inc., the Timeshare Resorts owners' associations, and/or the sellers of the timeshares pursuant to

independent contractor agreements which contain indemnification clauses.

113. Alternatively, upon information and belief and to be determined during the investigation and prosecution of this matter, the salesperson or “Vacation Counselor” and/or the deeder or “Verification Officer” were employees of Sunrise Vacation Properties, Inc., the Timeshare Resorts owners’ associations, and/or the sellers of the timeshares pursuant to employee/ employer relationships.

114. The salesperson, manager, and deeder made the misrepresentations to Plaintiffs.

115. The deeder confirmed the misrepresentations made by the salesperson and manager to Plaintiffs.

116. Upon information and belief, salespersons and/or deeder were required to conform their conduct to industry standards, laws, regulations, sound business practices, and basic principles of good faith and fair dealing.

117. Upon information and belief, salespersons and/or deeder were Supervisees of Defendant Sherri J. Smith.

118. Upon information and belief, Supervisees were hired, selected, contracted, trained, supervised, and/or retained by Sunrise Vacation Properties, Inc., the Timeshare Resorts’ owners’ associations, the sellers of the timeshares and/or Sherri J. Smith.

119. Upon information and belief, Defendant Sherri J. Smith was at all relevant times herein the Broker-in-Charge of all salespersons and/or deeder described or referenced herein.

120. Upon information and belief, Defendant Sherri J. Smith was at all relevant times herein the Supervisor of all salespersons and/or deeder described or referenced herein.

121. Upon information and belief, Defendant Sherri J. Smith had a contractual relationship with other Defendants and/or third parties to supervise the salespersons and/or

deeders to ensure that they conform their conduct to industry standards, laws, regulations, sound business practices, and basic principles of good faith and fair dealing.

122. As a result of the negligence/gross negligence of Sunrise Vacation Properties, Inc., the Timeshare Resorts owners' associations, the sellers of the timeshares, and/or Sherri J. Smith, the salespersons and/or deeders were permitted and did egregiously defraud Plaintiffs in making the above-described misrepresentations, and their conduct violated industry standards, laws, regulations, sound business practices, and basic principles of good faith and fair dealing.

123. The Broker-in-Charge for Sunrise Vacation Properties, Inc. was Dwight Trew until sometime in 2006; Terry Dale until sometime in 2010; and Sherri J. Smith through the present, upon information and belief.

124. Defendants, by and through their agent, sign, acknowledge, promise, and affirm in the Order of Registration that they are jointly and severally liable with the Broker-in-Charge and/or marketing and sales agency generally and specifically under the South Carolina Timeshare Act and South Carolina Unfair Trade Practices Act.

125. The sellers of timeshares include but are not limited to Coral Resorts, LLC, Trew Holdings, LLC, Hilton Head Island Development Company, LLC, the Timeshare Resorts' owners associations, the salespersons, the deeders, and/or the supervising managers.

126. Upon information and belief, the sellers of timeshares had marketing and sales agreements and contracts with Defendant Sunrise Vacation Properties, Inc.

127. Upon information and belief, such marketing and sales agreements were between the sellers of timeshares, the Timeshare Resorts' owners' associations, and/or Sunrise Vacation Properties, Ltd. and contained indemnification clauses making Sunrise Vacation Properties, Ltd. liable for any compensation claims, sales and marketing claims, and/or sales and marketing

misrepresentation claims.

128. Upon information and belief, such marketing and sales agreements described Sunrise Vacation Properties, Ltd.'s duties to recruit, hire, train, and compensate a Sales Force, such as salespersons and/or deeders, and to staff, manage, and/or supervise same.

129. Upon information and belief and pursuant to such marketing and sales agreements, Sunrise Vacation Properties, Ltd. agreed to abide by all laws related to timeshares and to conduct itself in ethical manner.

130. Upon information and belief, during the sales transactions described hereinabove, the salespersons and/or deeders, by and on behalf of their principals, did purposefully, recklessly, and/or negligently misstate information as to the essential terms of the subject contract with the purposeful, reckless, and/or negligent intent and/or effect of having the Plaintiffs sign written documents with essential terms contradictory to those verbally stated/misstated.

131. Upon information and belief, during the sales transactions described herein, the salespersons and/or deeders, by and on behalf of their principals, obstructed, omitted, changed, and/or obscured essential terms of subject contracts and documents when having Plaintiffs sign subject documents with the purposeful, reckless, and/or negligent intent and/or effect of having the Plaintiffs sign written documents with essential terms contradictory to those verbally stated/misstated.

132. Upon information and belief, during the sales transactions described herein salespersons and/or deeders, by and on behalf of their principals, used time pressures, distractions, mis-statements, mis-directions, and/or other deceptive techniques, when having Plaintiffs sign the subject documents with the purposeful, reckless, and/or negligent intent and/or effect of having the Plaintiffs sign written documents with essential terms contradictory to those

verbally stated/ misstated.

133. Due to an exceedingly alarming number of complaints against these sellers of timeshares and their related entities and individuals for fraud received by the South Carolina Real Estate Commission, allegations strikingly similar to Plaintiffs' allegations today, Defendants promised to provide an attorney on site for purchasers to ask questions about the timeshare contracts on or about 2005.

134. Upon information and belief, the attorney was removed in 2009.

135. Upon information and belief, the sellers of timeshares had marketing and sales agreements with Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services, and Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services has intentionally furthered the purposes of the sellers of the timeshares with its websites www.scamshiltonhead.com, www.hiltonheadripoff.com, www.complaintshiltonhead.com and other deceptive advertising methods.

136. Michael Barfield was the Trustee and closing agent for the Timeshare Resorts while employed with Barnwell, Whaley, Patterson, and Helms, LLC.

137. Mr. Barfield is also general counsel for the Timeshare Resorts, upon information and belief.

138. From his office in Charleston, Mr. Barfield failed to properly supervise the timeshare closings in Hilton Head Island in violation of the South Carolina Timeshare Act, upon information and belief.

139. In the purchase contract, Plaintiffs purportedly waive their right and benefit under the South Carolina Timeshare Act to obtain a fully completed copy of their contract documents on the date of purchase, and Plaintiffs purportedly agree to appoint K. Michael Barfield as

Permanent Escrow Agent and Trustee for the seller of the timeshare and as Plaintiffs' closing agent to complete Plaintiffs' contract documents at a later date, the same being in violation of the South Carolina Timeshare Act.

140. Sometime after the date of purchase, K. Michael Barfield completes Plaintiffs' contract documents, mails them to Plaintiffs, and congratulates Plaintiffs on their investment in violation of the South Carolina Timeshare Act.

141. K. Michael Barfield provided Plaintiffs with a fully completed copy of certain of Plaintiffs' contract documents after the date of purchase in violation of the South Carolina Timeshare Act.

142. K. Michael Barfield of Barnwell, Whaley, Patterson, & Helms, LLC is the licensed attorney under whose supervision the form of the transaction documents were reviewed and prepared on behalf of the seller of the timeshares.

143. The transaction documents contain multiple instances of false information.

144. The transaction documents contain multiple violations of the South Carolina Timeshare Act.

145. A copy of certain of the transaction documents was provided to the purchasers on the date of purchase, though the documents are incomplete and the same is in violation of the South Carolina Timeshare Act.

146. Upon information and belief, K. Michael Barfield knows and/or should have known that it is the pattern and practice of the salespersons, deeders, sellers of the timeshares, Sunrise Vacation Properties, Ltd., to falsely witness and notarize the transaction documents, namely the Title to Equitable Interest in Real Estate purporting to give K. Michael Barfield purchasers' equitable interest in the timeshare being purchased.

147. Defendant B. Dean Pierce holds all of the following positions, upon information and belief:

- i. General Manager and President of Coral Resorts, LLC, Coral Holdings, LLC, Trew Holdings, LLC, Hilton Head Island Development Company, LLC, and/or Reba Management, Inc.;
- ii. General Counsel of Coral Resorts, LLC, Coral Holdings, LLC, Trew Holdings, LLC, Hilton Head Island Development Company, LLC, and/or Reba Management, Inc.;
- iii. Independent Contractor of Coral Resorts, LLC and/or Reba Management, Inc.;
- iv. General Counsel of Coral Resorts, LLC, Coral Holdings, LLC, Trew Holdings, LLC, Hilton Head Island Development Company, LLC, and/or Reba Management, Inc.;
- v. President and Board Member of Island Links, Coral Sands, Coral Reef, and/or Port O'Call Owners' Association, Inc. and installed by Dwight Trew; and
- vi. Client Representative for Coral Resorts, LLC, Coral Holdings, LLC, Trew Holdings, LLC, Hilton Head Island Development Company, LLC, and/or Reba Management, Inc.

148. Upon information and belief, the second and final Board Member on the Coral Sands, Island Links, Coral Reef, and Port O'Call Owners' Associations is another attorney installed by Dwight Trew.

149. Upon information and belief, Dwight Trew amended the Master Deed such that he

has the sole power to appoint the Board of Directors for the Coral Sands, Island Links, Coral Reef, and Port O'Call Owners' Associations, despite that the developer has released both Port O'Call and Coral Reef Timeshare Resorts to the owners' associations' control.

150. Upon information and belief, B. Dean Pierce owes a fiduciary duty and duty of loyalty and fair dealing to all of the various Defendants with which he is contracted and represents, which have indemnification agreements amongst the same, and he cannot adequately represent all of the Defendants' competing and conflicting interests nor meet his fiduciary interests to all of them at the same time in his participation in this lawsuit.

151. B. Dean Pierce owes a fiduciary duty to Plaintiffs in his capacity as President of the Timeshare Resorts owners' associations, President and General Manager of the developer, and/or President and General Manager of the seller of timeshares.

152. Upon information and belief, all Defendants are well aware of and are in actual possession of thousands of complaints against Coral Resorts and its related entities, agents, and individuals for fraud and/or misrepresentations during the tenure of B. Dean Pierce.

153. The timeshare salesperson and/or deeder owe a fiduciary duty to purchasers and Plaintiffs, as the same make representations to purchasers and Plaintiffs with the specific purpose and intent of Plaintiffs relying upon the same without understanding the purchase documents, without Plaintiffs receiving the purchase documents, and without the same being fully and accurately explained to Plaintiffs.

154. Defendant RCI, LLC is a worldwide timeshare points exchange program.

155. RCI, LLC has a contract with Defendants, the sellers of the timeshares, and/or the Timeshare Resorts' owners associations.

156. Purchasers often understand that they are purchasing a timeshare from RCI, LLC,

though they are purchasing from the sellers of the timeshares.

157. RCI, LLC lends credibility to Defendants in permitting Defendants to use RCI's name, brand, logo, and information in soliciting purchasers and Plaintiffs into purchasing a timeshare from Defendants.

158. Upon information and belief, RCI, LLC knows of and is in actual possession of thousands of complaints against Defendants for timeshare fraud identical or nearly identical to that complained of by Plaintiffs.

159. Despite the same, RCI, LLC continues and maintains its contractual relationships with Defendants in permitting the RCI name, brand, logo, and information to lend credibility to Defendants in their longstanding and ongoing timeshare scams.

160. Upon information and belief, Defendants automatically sign up purchasers for RCI, LLC's membership with purchasers having no knowledge of the ramifications of same and/or that membership in the same is optional and is not required.

161. Upon information and belief, RCI, LLC benefits and profits greatly from its contractual relationships with Defendants.

162. Upon information and belief, RCI, LLC and Defendants have a contractual relationship with Interval International, Inc., as the purchase contract states that all representations of Resorts Condominiums International, Inc. are representations of Interval International, Inc.

163. Upon information and belief, Interval International, Inc. may be liable for the representations of RCI, LLC and/or Defendants, which is to be determined during the investigation and prosecution of this matter.

164. As a result thereof, Plaintiffs have suffered and continue to suffer damages and

losses.

165. Plaintiffs are informed and believe that they are entitled to actual, incidental, consequential, treble, and punitive damages in an amount to be determined at trial, as well as attorneys' fees, costs, and expenses, in an amount exceeding \$75,000.00, as permitted.

166. Plaintiffs' allegations are similar in fact, though more egregious, and pled under the similar Timeshare Act of Tennessee in which the Tennessee Court of Appeals very recently in 2015 affirmed a ruling in favor of the timeshare purchasers for \$500,000.00. Overton v. Westgate, No. E2014-00303 (January 20, 2015).

FOR A FIRST CAUSE OF ACTION
(Fraud/Intentional Misrepresentation)

167. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

168. During the course of such sales presentations, referenced above, Defendants and Defendants' agents made certain representations to the Plaintiffs including those set forth above, as well as those which may be further set forth at trial.

169. Specifically, misrepresentations were made by the salesperson, manager, and deeder to Plaintiffs, and the misrepresentations were confirmed to the Plaintiffs by the deeder.

170. Upon information and belief, only an individual trained in complex legal principals and the law could read and understand the subject contract documents after extensive review, and not all documents were provided to Plaintiffs on the date of purchase or to date.

171. Upon information and belief, it was impossible for Plaintiffs to take any further and reasonable measure of protection or precaution during the brief verification process with the deeder to protect their rights and ensure the accuracy of all of the misrepresentations in comparison with the contract documents reviewed at the time of purchase, contract documents

provided to them after the purchase, and contract documents that were never provided to them at any point before, during, or after the transaction, and not provided to Plaintiffs to date.

172. Upon information and belief, a well-trained attorney in contract, timeshare, horizontal property regime, and consumer law would require several days in order to review and understand all of the contract documents that should have been provided to Plaintiffs on the date of purchase and then compare the same with the representations made to Plaintiffs by Defendants.

173. Upon information and belief, Plaintiffs had no duty to read the subject contract documents because the deeder reviewed the documents with Plaintiffs and explained the contents thereof, inducing Plaintiffs' trust by the deeder's actions, promises, and title, as the deeder specifically intended that Plaintiffs rely upon the deeder's representations and not read the documents.

174. Alternatively, upon information and belief, the deeder did not fully review the contents of the subject contract documents and had Plaintiffs sign the same with actual knowledge that Plaintiffs did not read the documents and had no knowledge of the contents thereof.

175. Alternatively, upon information and belief, the deeder reviewed the contents of the subject contract documents in such a cursory manner in such a short period of time and had Plaintiffs sign the same with actual knowledge that Plaintiffs did not read the documents and had no knowledge of most all of the contents of the contract documents.

176. Upon information and belief, the documents are printed in such small print and, due to numerous photocopies, with such reproduction quality as to make them very difficult to read.

177. Upon information and belief, Plaintiffs were not provided with a fully completed copy of their contract documents on the date of purchase and, as such, review of the same was and has been impossible at all times and to the present date.

178. Upon information and belief, the deeder induced such trust and confidence in his relationship with Plaintiffs, such as a closing attorney would do with a real estate purchaser, that it was the deeder's responsibility by law and in his job description to verify all of the terms of the contract with the Plaintiffs, and the deeder failed to do so.

179. Had the deeder verified all of the terms of the contract and corrected the misrepresentations of the salespeople, Plaintiffs would never have entered into the subject contract.

180. Upon information and belief, it is the pattern and practice of the deeder to not review the contract documents in full with purchasers, including Plaintiffs.

181. Upon information and belief, the first time a purchaser and the Plaintiffs had an opportunity to review some of the purchase documents was when they sat down with the deeder and the deeder purported to explain the same to Plaintiffs.

182. Upon information and belief, the deeder did not permit Plaintiffs time to review all of the documents which, upon information and belief, would take multiple days to review by a highly trained attorney.

183. Upon information and belief, the deeder reviewed the contract documents in a very cursory manner with Plaintiffs such that it took no longer than twenty minutes to review the same, execute all documents, and provide Plaintiffs with an incomplete copy of their purchase documents on the date of purchase.

184. Upon information and belief, many of the documents which were purportedly

provided to Plaintiffs were not purportedly provided to Plaintiffs until after the transaction was complete and Plaintiffs had already signed all of the contract documents.

185. All of the misrepresentations were essential to the transaction and were relied upon by Plaintiffs in entering into the contract.

186. All of the misrepresentations were made by Defendants with the knowing purpose and intent of fraudulently inducing Plaintiffs to sign the subject contract documents.

187. All of the misrepresentations made by Defendants vary from the terms of the written contract documents, both those that were provided to Plaintiffs on the date of purchase and those that were not provided to Plaintiffs on the date of purchase.

188. Plaintiffs anticipate that they will discover further fraudulent conduct and misrepresentations during the investigation and prosecution of this lawsuit, and they reserve the right to supplement this lawsuit up to and during trial to conform with the evidence.

189. As to the misrepresentations and/or nondisclosures:

- i. The nondisclosures and/or representations were false;
- ii. The representations were material to the transaction;
- iii. The representations were known to Defendants to be false, and/or, alternatively, Defendants were reckless of their disregard of the truth or falsity of the representations;
- iv. Defendants intended that the Plaintiffs act upon the representations;
- v. Plaintiffs were ignorant of the falsity of the representations;
- vi. Plaintiffs relied upon the truthfulness of the representations and had a right to do so; and
- vii. As a consequence of same, Plaintiffs have suffered and continue to suffer

damages as a proximate result thereof.

190. The fraud was committed in such a manner or under such circumstances that a person of ordinary reason or prudence would have been conscious of it as an invasion of Plaintiffs' rights.

191. Defendants were conscious of and/or are chargeable with consciousness of their wrongdoing.

192. Such actions and misrepresentations are described within certain documents establishing the contractual relationships between certain Defendants and other Defendants and/or third parties.

193. Upon information and belief, certain of such documents establishing the contractual relationships between certain Defendants and other Defendants and/or third parties do contain indemnification and other provisions placing such Defendants'/parties' legal positions at odds with all other Defendants/parties.

194. Upon information and belief, all Defendants are aware of and are in actual possession of thousands of complaints against Defendants for identical or nearly identical fraudulent activities.

195. Upon information and belief, all Defendants have actual knowledge of the existence of admitted certain past identical or nearly identical fraudulent activities.

196. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for fraud and/or intentional misrepresentation for actual, incidental, consequential, and punitive damages in an amount to be determined at trial.

FOR A SECOND CAUSE OF ACTION
(Violation of the South Carolina Timeshare Act)

197. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated

herein verbatim.

198. “The General Assembly declares that . . . (E) the purchaser of an interest in a vacation time sharing plan in this State is afforded significant and unique consumer protections not available to purchasers of other forms of real property [and] (F) the process involved in the purchase and sale of interests in a vacation time sharing plan is unlike traditional residential real property and, due to the provisions of this act, require unique practices and procedures” S.C. Code Section 27-32-405(E) and (F) of the Timeshare Act.

199. Dismissing and preempting any arguments of ambiguity in the legislature’s intent and concerning the right of individuals to bring a private right of action to enforce the provision so of the South Carolina Timeshare Act, the South Carolina Timeshare Act clearly and unambiguously states that “[i]n addition to the penalties provided in this section [of the Timeshare Act], a contract for the sale of an interest in a vacation time sharing plan in violation of this chapter [32] is voidable at the sole option of the purchaser and entitles the purchaser to a refund of all consideration paid by him pursuant to the contract.” S.C. Code Section 27-32-120 of the Timeshare Act.

200. Although the Real Estate Commission is charged with the enforcement and implementation of the Timeshare Act pursuant to South Carolina Code Section 27-32-130, “[t]he provisions of this section do not limit the right of a purchaser or lessee to bring a private action to enforce the provisions of this chapter [32].”

201. Upon information and belief, the case of Jimmy Tench v. SCDLLR, 98-ALJ-11-0041-IJ is the sole South Carolina case law addressing Defendants’ right to bring the instant private action for violations of the South Carolina Timeshare Act.

202. In Tench, the Court confirms that “[m]atters relating to alleged violations of the

South Carolina Vacation Time Sharing Plans Act and any investigations conducted by the Commission pursuant to that act, other than disciplinary proceedings against any real estate agents or brokers involved, are specifically reserved to the jurisdiction of the Circuit Court.” (citing S.C. Code Ann. Section 27-32-230 (Supp. 1997)).

203. The Court further states that “Mr. Tench may pursue a civil action against those persons or entities whom he feels have wronged him. Such a civil action is specifically authorized by the South Carolina Vacation Time Sharing Plans Act at S.C. Code Ann. § 27-32-130 (Supp. 1997).”

204. As expressly stated by the Timeshare Act, the purpose of which is explained by the General Assembly therein, and confirmed by the Court, Defendants have the indisputable and inalienable statutory right to pursue the instant claims against Defendants for violations of the Timeshare Act, none being disciplinary proceedings against real estate brokers or agents.

205. Upon information and belief, Defendants assert that there is no penalty for failure to comply with certain provisions of the South Carolina Timeshare Act.

206. Defendants are sellers of a vacation time sharing plan and/or are in the business of selling interests in a vacation time sharing plan within the definition set forth in South Carolina Code Section 27- 32-10, et seq.

207. The timeshare property purchased by Plaintiffs, as set forth above, was part of a vacation time sharing plan as defined in South Carolina Code Section 27-32-10, et seq.

208. The timeshare property purchased by Plaintiffs, as set forth above, was intended to be part of vacation timesharing plans as defined in the South Carolina Timeshare Act.

209. Defendants, by and through their agent, sign, acknowledge, promise, and affirm in the Order of Registration that they are jointly and severally liable with the Broker-in-Charge

and/or marketing and sales agency generally and specifically under the South Carolina Timeshare Act and South Carolina Unfair Trade Practices Act.

210. Further, as set forth above, Defendants, by and through their agents, made certain representations to Plaintiffs concerning the sale of a timeshare property within the state of South Carolina.

211. Such representations made by Defendants, by and through their agents, constitute prohibited practices as set forth in South Carolina Code Section 27-32-110, including but not limited to:

- i. Misrepresenting the amount of time or period of time the accommodations and facilities are available to a purchaser;
- ii. Misrepresenting or deceptively representing the location of the offered accommodations and facilities;
- iii. Misrepresenting the size, nature, extent, qualities, or characteristics of the offered accommodations and facilities;
- iv. Misrepresenting the nature and extent of services incident to the accommodations and facilities;
- v. Making misleading or deceptive representations with respect to the contents of the contract or the purchaser's rights, privileges, or benefits under it;
- vi. Failing to honor and comply with all provisions of the contract with the purchase;
- vii. Misrepresenting the conditions under which a purchaser may exchange his rights to an accommodation in one location for rights to an

accommodation in another location;

- viii. Including in a contract a provision purporting to waive a right or benefit provided for purchasers pursuant to Chapter 32, Vacation Time Sharing Plans, or seeking or soliciting such a waiver during the effective period of these rules; and
- ix. Doing any other act of fraud, misrepresentation, or failure to make a disclosure of a material fact.

212. Defendants further violated the South Carolina Timeshare Act, including but not limited to the following: (A) failing and refusing to provide Plaintiffs with a fully completed copy of the contract at the time of its execution; (B) failing and refusing to provide Plaintiffs with documents made a part of and incorporated into the contract as well as fully completed copies of the same at the time of their execution; (C) requiring that Plaintiffs waive or limit their rights and benefits under the South Carolina Timeshare Act; (D) failing and refusing to provide Plaintiffs with a public offering statement containing all of enumerated information in the South Carolina Timeshare Act; (E) requiring that Plaintiffs purport to agree to contract terms that are in violation of state law, unconscionable, and unenforceable; (F) failing and refusing to timely provide Purchasers with the public offering statement; (G) providing Plaintiffs with various contract documents containing false information; and (H) other various violations of the South Carolina Timeshare Act as may be discovered during the investigation and prosecution of this lawsuit and as may be set forth at trial to conform to the evidence.

213. Defendants are in violation of the South Carolina Timeshare Act, Section 27-32-30(2) and (3): “It is a violation of this chapter for a person offering vacation time sharing plans for sale to the public to fail to keep among its business records a . . . copy of the contract from

each sale of the vacation time sharing plan, which contract must be retained for at least three years after parties to the vacation time sharing plan have completely performed all of their obligations under it; and list of all employees, and their last known mailing addresses, which list must include all current employees and all previous employees whose employment was terminated within the preceding three years,” upon information and belief.

214. Defendants are in violation of the South Carolina Timeshare Act, Section 27-32-40: “It is a violation of this chapter for the seller of a vacation time sharing plan to fail to utilize and furnish the purchaser a fully completed copy of a contract pertaining to the sale at the time of its execution.”

215. Section 27-32-100(11) of the South Carolina Timeshare Act further states: “However, inclusion of this statement shall not impair the purchaser's right to bring any legal action based upon any cause of action arising from verbal statements.”

216. Defendants are in violation of the South Carolina Timeshare Act, Section 27-32-180(D): “The seller shall supervise, manage, and control all aspects of the offering and sale of a vacation time sharing plan. A violation of this chapter by a registrant employed by a seller as an independent contractor, either directly or through a third party, in connection with the offering or sales of interests in vacation time sharing plans may be considered to be a violation by the seller as well as by the registrant who committed the violation, if the seller knew or should have known of the conduct constituting the violation.”

217. The seller should have known or, upon information and belief, knew of some and/or all of the violations of the South Carolina Timeshare Act by seller’s registrant employees and/or independent contractors and is jointly and severally liable with the same.

218. Defendants are in violation of South Carolina Timeshare Act, Section 27-32-

410(A): “An attorney licensed in this State who is not an employee of the seller of the timeshare interest shall supervise the timeshare closing of a sale of an interest in a vacation time sharing plan located in this State by: (I) supervising the examination of title to the interest, (ii) physically reviewing before closing the executed transaction documents including, but not limited to, the following, as applicable: the deed, installment sales contract, mortgage, and promissory note, and (iii) supervising the recording of all instruments involved in the timeshare closing,” upon information and belief.

219. Section 27-32-120(C) of the South Carolina Timeshare Act provides that: In addition to the penalties provided in this section, a contract for the sale of an interest in a vacation time sharing plan in violation of this chapter is voidable at the sole option of the purchaser and entitles the purchaser to a refund of all consideration paid by him pursuant to the contract.”

220. Although the Real Estate Commission is charged with enforcing the South Carolina Timeshare Act, Section 27-32-130 confirms that “[t]he provisions of this section do not limit the right of a purchaser or a lessee to bring a private action to enforce the provisions of this chapter.”

221. In violation of the South Carolina Timeshare Act, Section 27-32-110, Defendants included an unconscionable and unenforceable term in the contract attempting to limit Plaintiff's right and benefit to pursuing all of their causes of action in a private lawsuit in violation of state law and the South Carolina Unfair Trade Practices Act: “RECOVERY HEREUNDER BY THE PURCHASER SHALL NOT EXCEED AMOUNTS PAID BY THE PURCHASER HEREUNDER.”

222. In violation of the South Carolina Timeshare Act and in violation of the specific

written instructions of the South Carolina Real Estate Commission, Defendants continue to deceptively describe their units that can be utilized only once every three years as “tri-x,” “tri-y,” and/or “tri-z.”

223. Defendants failed to provide Plaintiffs with a fully completed copy of the five page purchase contract on the date of purchase, the same containing blanks.

224. Defendants failed to provide Plaintiffs with a fully completed copy of the loan agreement on the date of purchase, the same containing blanks that, by Defendants’ design, are later completed by K. Michael Barfield.

225. Defendants failed to provide Plaintiffs with a fully completed copy of the title to equitable interest in real estate by having it fraudulently witnessed and/or notarized outside of Plaintiffs’ presence and without their knowledge.

226. Defendants required that Plaintiffs purport to waive their rights as it pertains to the contract documents outside of what Defendants purport to constitute the contract, being the five page purchase agreement and the loan agreement, despite that additional documents constitute part of the contract and Plaintiffs have statutory rights as to the same under the South Carolina Timeshare Act.

227. Defendants required that Plaintiffs purport to waive their right to receive a fully completed copy of the loan agreement on the date of purchase and for K. Michael Barfield to have the right to complete the same at later date and then mail the same to Plaintiffs.

228. Defendants provided Plaintiffs with various contract documents listing various purported addresses for the seller of the timeshare in violation of the South Carolina Timeshare Act.

229. Defendants provided Plaintiffs with a public offering statement devoid of the

enumerated information required to be contained in the same pursuant to the South Carolina Timeshare Act.

230. Defendants failed to timely provide the public offering statement to Plaintiffs in violation of the South Carolina Timeshare Act.

231. Defendants failed to utilize approved contract documents and/or other documents in the purchase transaction as a result of having failed to renew, update, and obtain approval of changed documents from the South Carolina Real Estate Commission for a period of several years.

232. Defendants failed to sell the timeshare to Plaintiffs with a valid registration as a result of failing to pay registration renewal fees for a period of several years.

233. Defendants failed to pay their registration renewal fee for the year in which the timeshare was sold to Plaintiffs as of the purchase date and, upon information and belief, until 2013.

234. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for violation of the South Carolina Timeshare Act, for actual, incidental, and consequential damages in an amount to be determined at trial.

FOR A THIRD CAUSE OF ACTION
(Violation of the South Carolina Unfair Trade Practices Act)

235. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

236. As set forth above, Defendants made certain representations to Plaintiffs during the subject sales transaction which were false, misleading, and/or fraudulent.

237. The committing of such false, misleading, and/or fraudulent representations by Defendants constituted an act or practice that is unfair or deceptive, and impacts the public

within the meaning of the South Carolina Unfair Trade Practices Act.

238. The committing of such false, misleading, and/or fraudulent representations by Defendants is not only capable of repeatedly harming the public, but actually has been repeatedly harming the public as the same kind of actions have occurred in the past, thus making it likely that they will continue to occur absent deterrence, and the company's procedures create a potential for repetition of the unfair and deceptive acts.

239. Defendants, by and through their agent, sign, acknowledge, promise, and affirm in the Order of Registration that they are jointly and severally liable with the Broker-in-Charge and/or marketing and sales agency generally and specifically under the South Carolina Timeshare Act and South Carolina Unfair Trade Practices Act.

240. Upon information and belief, all Defendants are aware of dozens of instances admitted fraudulent sales activity identical or nearly identical in nature to those fraudulent activities alleged by Plaintiffs in the instant lawsuit.

241. Upon information and belief, Defendants are or were in actual possession of audio and/or video evidencing fraudulent sales activity.

242. The policies and procedures of Defendants, including but not limited to the compensation structure, lack of adequate oversight, lack of adequate training, offsite closing in another city by K. Michael Barfield, having removed the attorney that was previously promised to the South Carolina Real Estate Commission to be available to purchasers with questions, and/or lack of proper retention and/or termination of various individuals, entities, and/or contractual relations has resulted in these longstanding and continuing fraudulent sales practices.

243. As a result thereof, there is little likelihood that the same conduct will cease or be deterred in any way without a substantial civil judgment against a company that, upon

information and belief, earns more than thirty million dollars (\$30,000,000.00) annually.

244. Presently, more than sixty lawsuits have been filed against Defendants and/or their related entities and individuals for identical or nearly identical fraudulent conduct and violations of the law, many being verified complaints.

245. Upon information and belief, Plaintiffs can produce at trial as many witnesses to testify as to Defendants' identical or nearly identical fraudulent conduct and violations of the law as the Court will allow to be heard.

246. Upon information and belief, Defendants willfully violated the South Carolina Unfair Trade Practices Act.

247. As a result of same, Plaintiffs have suffered and continue to suffer damages.

248. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for unfair trade practices in an amount to be determined at trial, such amount to be trebled in accordance with the South Carolina Unfair Trade Practices Act, consequential damages, and the costs, expenses, and attorneys' fees of this action.

FOR A FOURTH CAUSE OF ACTION
(Violation of South Carolina Consumer Protection Code)

249. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

250. Defendants define the purchase documents as a consumer credit contract and, in their current version of the purchase documents, state that "ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED WITH THE PROCEEDS HEREOF."

251. A timeshare is a vacation experience, despite that a timeshare may be a quasi-real

property interest, and, as such, the South Carolina Timeshare Act provides that “the purchaser of an interest in a vacation time sharing plan in this State is afforded significant and unique consumer protections not available to purchasers of other forms of real property.” S.C. Code Section 27-32-405(E).

252. The South Carolina Timeshare Act defines timeshare purchasers as consumers and declares that purchasers of timeshares are entitled to consumer protections, despite that timeshares are quasi-real property.

253. Unlike real property, the South Carolina Timeshare Act declares that timeshares cannot constitute a full time residence and are not an investment.

254. The subject agreement or transaction is a consumer credit transaction and consumer credit sale or consumer loan.

255. The subject agreement or transaction and/or material terms thereof were unconscionable at the time it was made, and the terms of the agreement or transaction are unconscionable.

256. Defendants secured the consumer loan, in whole or in part, by a lien on the subject timeshare real estate other than as a fixed, nonvariable loan finance rate.

257. Defendants are in violation of South Carolina Code Section 37-1-101, 37-3-101, et seq.

258. As a result thereof, Plaintiffs have suffered and continue to suffer damages.

259. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for violation of the Consumer Protection Code for actual, incidental, and consequential damages in an amount to be determined at trial, as well as a declaration that the contract and/or its terms are unconscionable and unenforceable.

FOR A FIFTH CAUSE OF ACTION
(Breach of Contract)

260. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

261. In the alternative, Defendants and Plaintiffs entered into a contract described more fully herein above.

262. Pursuant to such contract, Defendants obligated themselves to certain duties, namely the duty of good faith and fair dealing.

263. Pursuant to such contract, Defendants had an implied duty of good faith and fair dealing with Plaintiffs, a term which is implied in every contract in the State of South Carolina.

264. Defendants breached such duties as outlined herein, the duty of good faith and fair dealing, and as may be discovered during the prosecution of this lawsuit.

265. Defendants had fraudulent intent relating to their breaching of the contract and accompanying the breach either prior to, contemporaneous with, or subsequent to the breach of contract.

266. Defendants further breached the contract by including unenforceable terms, unconscionable terms, terms in violation of the law, false information, terms requiring that Plaintiffs waive their statutory rights, referencing the once every three year contract as “Tri-X,” “Tri-Y,” or “Tri-Z,” referencing the timeshare as annual, utilizing documents without prior approval from the South Carolina Real Estate Commission, entering into the contract without legal authority to do so and without a valid registration to sell timeshares, including in the contracts conflicting terms, and other violations as may be discovered up until and through trial to conform with the evidence.

267. As a result of such breaches, Plaintiffs have been damaged in an amount as shall

be set forth at trial.

268. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for actual, incidental, and consequential damages for breach of contract in an amount to be determined at trial.

FOR A SIXTH CAUSE OF ACTION
(Negligent Misrepresentation)

269. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim, and Plaintiffs would specifically reference the incorporation of the allegations made under the fraud/intentional misrepresentation cause of action.

270. As set forth above, Defendants, by and through their agents, made one or more false representations to the Plaintiffs.

271. Defendants, by and through their agents, had a pecuniary interest in making such representations.

272. Defendants possessed expertise or special knowledge that would ordinarily make it reasonable for another to rely on Defendants' judgment or ability to make careful inquiry.

273. Defendants intended that Plaintiffs rely upon Defendants' representations.

274. Defendants made the false representations in the course of Defendants' business, profession, or employment.

275. Defendants owed a duty of care to Plaintiffs to see that truthful information was communicated to Plaintiffs.

276. Defendants breached the duty to Plaintiffs by failing to exercise due care.

277. Plaintiffs justifiably relied upon the representations.

278. Plaintiffs suffered a pecuniary loss as a direct and proximate result of reliance on the representations.

279. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for actual, incidental, consequential, and punitive damages for negligent misrepresentation in an amount to be determined at trial.

FOR A SEVENTH CAUSE OF ACTION
(Breach of Fiduciary Duty)

280. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

281. A relationship exists between Plaintiffs and Defendants that imposes a special confidence by Plaintiffs in Defendants so that Defendants, in equity and good conscience, are bound to act in good faith and with due regard to the interests of Plaintiffs.

282. Defendants and the verification officer are responsible for reviewing terms with Plaintiffs and purchasers, including but not limited to reviewing the subject timeshare contracts in great detail.

283. Defendants and the verification officer did accept and induce the confidence placed by Plaintiffs in Defendants.

284. Defendants and the verification officer failed to fully disclose to Plaintiffs all known information that was significant and material.

285. Upon information and belief, Defendants are in violation of their fiduciary duties owed to other Defendants, namely the verification officer, B. Dean Pierce, the developer, and/or any principles for which they were agents relating thereto.

286. Defendants have violated their fiduciary duties in their capacities of corporate officers and as a result of conflicts of interest that exist amongst Defendants.

287. The purpose of the Coral Sands, Island Links, Port O'Call, and Coral Reef Owners' Associations is supposed to be for the health, safety, and welfare of the owners, not the

developer or another entity controlled and/or owned by the developer and/or his spouse.

288. Developers and sellers of horizontal property regimes and timeshares owe a fiduciary duty to purchasers and owners of the same.

289. The owners' associations and its board of directors owe a fiduciary to the owners.

290. Upon information and belief, the homeowners' list for the Coral Sands, Island Links, Port O'Call, and Coral Reef timeshare resorts is wholly owned by Dwight Trew.

291. Upon information and belief, Coral Sands, Island Links, Port O'Call, and Coral Reef Owners' Associations utilize the homeowners' lists for the resorts under a license from Dwight Trew.

292. As a result of the foregoing breaches and wrongful conduct of Defendants, and others as may be set forth at trial, the Plaintiffs have suffered damages as will be set forth at trial.

293. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for breach of fiduciary duty in an amount to be determined at trial.

FOR AN EIGHTH CAUSE OF ACTION
(Civil Conspiracy)

294. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim except that Plaintiffs do not incorporate herein any of the damages alleged hereinabove.

295. With B. Dean Pierce as the President and General Manager of seemingly every entity named in the instant lawsuit, the entities have a very close working relationship and are unable and unwilling to take actions that would not be beneficial to certain of the other entities.

296. Due to the fraudulent nature of Defendants' business practices and the covert nature of conspiratorial activities, many of Defendants and their related entities do not use

electronic mail or sparingly use electronic mail in an effort to avoid documentation.

297. Upon information and belief, some, but not all, of the entities and individuals named as Defendants may or may not be agents of other Defendants, the same which will be determined during the investigation and prosecution of the instant lawsuit.

298. Defendants entered into an informal agreement and are complicit in the structure and coordination of the various entities and individuals named as Defendants in the instant lawsuit that has resulted in unrelenting fraud with seeming impunity.

299. Each and every of Defendants knows and has agreed to occupy a specific role in the conspiracy to defraud timeshare purchasers and Plaintiffs.

300. Tellingly, Defendants and their related entities and individuals are often represented by mutual law firms, but are now represented by about eight law firms.

301. Also telling is that Defendants take a uniform defense, apparently copying one document for all parties and attorneys.

302. Approximately eight law firms for various Defendants have coordinated their defenses to the more than sixty lawsuits to date.

303. Moreover, one law firm purports to represent all salespeople and verification offers despite that some have not been served in filed lawsuits.

304. Not coincidentally, all salespeople and verification officers served in the now more than sixty lawsuits against Defendants and their related entities and individuals have agreed to be represented by the attorneys and law firms designated to represent them, and none has obtained counsel otherwise.

305. Furthermore, Defendants have failed and refused to make cross-claims against each other, despite having the right to do so and contractual agreements that permit certain

parties to pursue others for liability incurred as a result of another party's actions.

306. Notably, the seller of the timeshares has insisted that we are not permitted to speak with salespeople that wish to speak with us, despite that those individuals are not currently contracted with or employed by Defendants, are not even named in a lawsuit, and are not represented by counsel.

307. Defendants and their related entities and individuals commonly have a singular attorney make arguments on all Defendants' behalves and represent the interests of all Defendants.

308. Defendants and their related entities and individuals commonly have multiple attorneys make arguments on all Defendants' behalves and represent the interests of all Defendants as to various issues applicable to all Defendants.

309. As set forth above, Defendants did combine for the purpose of injuring Plaintiffs and did cause Plaintiffs to suffer special damages, including but not limited to time, mental health, trust in the public, lost future profits, and/or any and all damages as set forth herein should any cause of action herein not survive or ultimately prevail.

310. Upon information and belief, the Plaintiffs' allegations of civil conspiracy and other causes of action against the Defendants place such Defendants'/parties' legal positions at odds with all other Defendants/parties.

311. Defendants have not permitted Plaintiffs to depose even a single salesperson or verification officer in any of the sixty-two lawsuits against Defendants and their related entities and individuals for timeshare fraud.

312. Upon information and belief, due to the divergent and conflicting interests of each and every party and indemnification clauses contained in agreements amongst the same, conflicts

of interest exist that cannot be waived under the South Carolina Rules of Professional Conduct, and each and every party requires separate counsel or cannot be represented by the same counsel.

313. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for Plaintiffs' special damages, including but not limited to time and distrust in the public, for civil conspiracy in an amount to be determined at trial.

FOR A NINTH CAUSE OF ACTION
(Declaratory Judgment)

314. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

315. Plaintiffs are informed and believe that they are entitled to a declaratory judgment that no valid and binding contracts exist between the parties due to there being no meeting of the minds as to the contracts and for the reasons set forth herein above and below.

FOR A TENTH CAUSE OF ACTION
(Negligent/Grossly Negligent Hiring)

316. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

317. Defendants, the Timeshare Resorts owners' associations, Sherri J. Smith, and/or Sunrise Vacation Properties, Ltd. owed Plaintiffs a duty to exercise reasonable care in the hiring of salespersons, the sales agency, the marketing agency, verification officer, President, General Manager, and others.

318. Defendants, the Timeshare Resorts owners' associations, Sherri J. Smith, and/or Sunrise Vacation Properties, Ltd. breached their duty to Plaintiffs.

319. As a result thereof, Plaintiffs have suffered and continue to suffer damages.

320. Plaintiffs are informed and believe that they are entitled to judgment against

Defendants, jointly and severally, for negligent hiring in an amount to be determined at trial.

FOR AN ELEVENTH CAUSE OF ACTION
(Negligent/Grossly Negligent Selection)

321. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

322. Defendants, RCI, LLC, the Timeshare Resorts owners' associations, Sherri J. Smith, and/or Sunrise Vacation Properties, Ltd. owed Plaintiffs a duty to exercise reasonable care in the selection of salespersons, the sales agency, the marketing agency, verification officer, President, General Manager, sellers of timeshares, Timeshare Resorts' owners' associations, and others.

323. Defendants breached their duty to Plaintiffs.

324. As a result thereof, Plaintiffs have suffered and continue to suffer damages.

325. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for negligent selection in an amount to be determined at trial.

FOR A TWELFTH CAUSE OF ACTION
(Negligent/Grossly Negligent Contracting)

326. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein.

327. Defendants, RCI, LLC, the Timeshare Resorts' owners' associations, Sherri J. Smith, and/or Sunrise Vacation Properties, Ltd. owed Plaintiffs a duty to exercise reasonable care in the contracting of salespersons, the sales agency, the marketing agency, verification officer, President, General Manager, Timeshare Resorts' owners associations, sellers of timeshares, and others.

328. Defendants breached their duty to Plaintiffs.

329. As a result thereof, Plaintiffs have suffered and continue to suffer damages.

330. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for negligent contracting in an amount to be determined at trial.

FOR A THIRTEENTH CAUSE OF ACTION
(Negligent/Grossly Negligent Training)

331. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein.

332. Defendants, RCI, LLC, the Timeshare Resorts' owners' associations, Sherri J. Smith, and/or Sunrise Vacation Properties, Ltd. owed Plaintiffs a duty to exercise reasonable care in the training of salespersons, the sales agency, the marketing agency, verification officer, President, General Manager, sellers of timeshares, Timeshare Resorts owners' associations, and others.

333. Defendants breached their duty to Plaintiffs.

334. As a result thereof, Plaintiffs have suffered and continue to suffer damages.

335. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for negligent training in an amount to be determined at trial.

FOR A FOURTEENTH CAUSE OF ACTION
(Negligent/Grossly Negligent Supervision)

336. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein.

337. Defendants, RCI, LLC, the Timeshare Resorts' owners' associations, Sherri J. Smith, and/or Sunrise Vacation Properties, Ltd. owed Plaintiffs a duty to exercise reasonable care in the supervision of salespersons, the sales agency, the marketing agency, verification officer, President, General Manager, Timeshare Resorts' owners' associations, sellers of

timeshares, and others.

338. Defendants breached their duty to Plaintiffs.

339. As a result thereof, Plaintiffs have suffered and continue to suffer damages.

340. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for negligent supervision in an amount to be determined at trial.

FOR A FIFTEENTH CAUSE OF ACTION
(Negligent/Grossly Negligent Retention)

341. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein.

342. Defendants, RCI, LLC, the Timeshare Resorts' owners' associations, Sherri J. Smith, and/or Sunrise Vacation Properties, Ltd. owed Plaintiffs a duty of reasonable care in the retention of salespersons, the sales agency, the marketing agency, verification officer, President, General Manager, Timeshare Resorts' owners' associations, sellers of timeshares, and others.

343. Defendants breached their duty to Plaintiffs.

344. As a result thereof, Plaintiffs have suffered and continue to suffer damages.

345. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for negligent retention in an amount to be determined at trial.

FOR A SIXTEENTH CAUSE OF ACTION
(Violation of the Federal Racketeer Influenced and Corrupt Organizations Act ("RICO"))
18 U.S.C. 1962(c)

346. Plaintiffs repeat and reiterate the foregoing Paragraphs as though fully restated herein verbatim.

The "Enterprise"

347. Defendants were employed by and/or associated with an "enterprise" as described

below and as set forth elsewhere in this Complaint.

348. The enterprise executed a complex scheme of institutional and individual fraud designed to conceal from Plaintiffs, prospective timeshare purchasers, and the consuming public:

- i. the actual information contradicting Defendants' false assertions and misrepresentations concerning its timeshares;
- ii. the true costs/benefits associated with such timeshares;
- iii. Defendants' lack of legal authority sell timeshares;
- iv. the value or lack of value of Defendants' timeshares; and
- v. other facts and circumstances as set forth elsewhere in this Complaint and as will be set forth at trial.

349. The "enterprise" operated separately and distinctly from each individual Defendant.

350. The Defendants named herein are "persons" within the meaning of 18 U.S.C. 1961(3) and 1964(c).

351. Defendants are each a "person" as defined by 18 U.S.C. § 1961(3) because they are each an "entity" capable of holding legal and beneficial interests in property.

352. The association in fact as herein described was an "enterprise" within the meaning of 18 U.S.C. 1961(4) and 1962(a).

Interstate Commerce

353. Said "enterprise" engaged in activities affecting interstate commerce.

354. The enterprise engaged in activities affecting interstate commerce in that, inter alia, Plaintiffs and other of Defendants purchasers/prospective purchasers were residents of numerous states, as were various of Defendants' agents, including marketing personnel.

355. This enterprise was exposed only after certain information came to light, namely documents received by Freedom of Information Act Request from the State of South Carolina's Real Estate Commission, Federal Trade Commission, and Town of Hilton Head Island, as well as a multitude of similar complaints being filed by Defendants' defrauded customers.

Racketeering Activity

356. For a period of years Defendants' enterprise unlawfully marketed and sold its timeshare properties to the general public in violation of the applicable statutory laws regarding same, without the proper legal authority to do so, including through numerous instances of the repetitive use of mail and wire transmissions, such amounting to a scheme of racketeering activity.

Mail and Wire Fraud

357. Defendants' racketeering activities included mail and wire fraud.

358. Defendants' mail and wire fraud was performed pursuant to a scheme to defraud.

359. This scheme existed with the specific intent to defraud members of the general public through the use of material misrepresentations concerning Defendants' timeshares, and facts and circumstances related thereto, and through the unauthorized marketing efforts themselves.

360. Defendants' mail and wire fraud was performed with the object of acquiring money from unwitting timeshare customers from within the general public and converting said money to Defendants' possession.

361. Defendants used interstate mail and wires to further their scheme, and through the use of such interstate mail and wires did, in fact, defraud members of the general public and

Plaintiffs and otherwise engage in unlawful transactions in violation of South Carolina's and other laws.

362. Defendants marketed and sold to the Plaintiffs and general public through the use of interstate mail and wires, such amounting to mail and wire fraud pursuant to 18 U.S.C. 1341 and 18 U.S.C. 1343.

363. Further, fees and revenues generated and maintained by the scheme were distributed amongst enterprise members across state lines, upon information and belief.

364. Defendants and their agents established an organizational structure to perpetuate the scheme.

365. Defendants were each associated with the enterprise and participated in its management and operation by directing its affairs and by conducting business with each other as assisting in the scheme.

366. Each of the named Defendants' participation in both the operation and management of the scheme was essential to its success.

367. In addition to creating the fraudulent scheme, Defendants and its agents sought to perpetuate the scheme by making false representations to the regulatory agency regarding Defendants' timeshare plans and their amendments, as well as stifling aggrieved purchasers from redress for claims of fraud and other statutory violations, and using exorbitant interest rates and late fees, combined with the possibility of negative credit reporting, to coerce defrauded timeshare purchasers to continue making monetary payments despite Defendants' unlawful conduct.

368. Defendants' multiple predicate acts of racketeering activity form a pattern of racketeering activity in that the predicate acts are both continuous and related.

369. As part of Defendants' scheme to sell the Plaintiffs and the general public timeshare interests in violation of the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq. (hereinafter "fraudulent transactions"), Defendants contracted with third-parties, including, but not limited to, Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services, for the purposes of contacting and soliciting existing Owners and other prospective Purchasers, many of whom were located outside the State of South Carolina.

370. Pursuant to the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq., Defendants are liable for all acts undertaken by such third parties on their behalf, including, but not limited to, Hilton Head Hospitality, LLC d/b/a Hilton Head Guest Services.

371. Defendants and their agents sent many owners and prospective purchasers e-mail communications, mail communications, and telephone communications to devise or intend to devise a scheme to defraud in interstate or foreign commerce.

372. Using telephone, mail, and e-mail communications to devise or intend to devise a scheme to defraud in interstate or foreign commerce is Wire Fraud in violation of 18 U.S.C. § 1343.

373. Upon information and belief, Defendants mailed from South Carolina via the United States Postal Service, or other private or commercial interstate carriers, documents to targets of the scheme (located outside the State of South Carolina) to review and/or sign in connection with the subject fraudulent transactions. The documents include but are not limited Deeds, RCI Participation Agreements, Contracts for Sale, and other Related Documents.

374. Using the Postal Service, or other private carriers, in interstate or foreign commerce to devise or intend devise a scheme to defraud is Mail Fraud in violation of 18 U.S.C. § 1341.

375. Mail Fraud and Wire Fraud are RICO predicate acts as they are included in the definition of “racketeering activity”.

376. Defendants' activity constitutes a “pattern of racketeering activity” because the fraudulent transactions were sold to hundreds and thousands of purchasers for several years or more.

377. Defendants intentionally received and obtained proceeds obtained in connection with each and every fraudulent transaction sold to Plaintiffs and other members of the public.

378. The Plaintiffs, as well as other members of the general public, have been directly and proximately damaged by being fraudulently induced into the fraudulent transactions as they were targeted through telephones, e-mail, the Postal Service, and other private carriers to enter into the fraudulent transactions.

379. Plaintiffs have the right to relief based upon the foregoing insofar as they have suffered direct financial losses by reasons of Defendants' foregoing RICO violations.

380. Plaintiffs are informed and believe that they are entitled to judgment against Defendants, jointly and severally, for Civil RICO for actual, incidental, consequential, and punitive damages in an amount to be determined at trial.

CLASS REPRESENTATIVE ALLEGATIONS

Class Definitions

381. This action is brought by Plaintiffs as a class action, on their own and on behalf of all others similarly situated pursuant to Fed. R. Civ. P. 23(b)(3).

382. Plaintiffs are the Class Representatives as to Class Sub-parts i, ii, iii, and iv (hereinafter referred to as the “Class”) which is defined as:

- i. (Public Offering Statement Subclass): All individuals who purchased a

timeshare interest from Defendants and were not provided with a statutorily compliant Public Offering Statement prior to signing the timeshare contract and which failed to include the information set forth and specifically enumerated by the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq.;

- ii. (Incomplete Contract Subclass): All individuals who purchased a timeshare interest from Defendants were not provided with a completed copy of their timeshare contract, including all parts thereof, at the time of the transaction, as required by the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq.;
- iii. (Waiver of Rights Subclass): All individuals who purchased a timeshare interest from Defendants received a contract including a term that purported to waive their right under the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq. to receive a completed copy of the timeshare purchase contract, including all parts thereto, at the time of the transaction insofar as the term including purported to assign to Defendants' agent, Michael Barfield, the right to later complete the contract at his discretion, such waiver of purchasers' rights under the South Carolina Timeshare Act being of itself a violation of the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq.; and
- iv. (Lapsed Registration Subclass): All individuals who purchased a timeshare interest from Defendants during the period of time in which

Defendants failed to maintain their timeshare registrations by failing to timely pay all required annual timeshare renewal fees, by failing to provide the regulatory agency with notice of all substantial changes made to Defendants' timeshare plans, and all other and further requirements imposed by law.

383. Excluded from the Class are any employee of the Court; Defendants and any of their respective subsidiaries, affiliates, officers and directors; any entity in which any Defendants have a controlling interest; and the legal representatives, heirs, successors, family members, and assigns of any such excluded party.

The Class and Subclasses are so Numerous that Joinder of All Members is Impracticable

384. Upon information and belief, there are at least 1,000 proposed class members.

385. Plaintiffs and their counsel are unaware at this time exactly how many members fit into the foregoing Classes and Subclasses.

386. Upon information and belief, the exact number of members of each Class and Subclass is readily ascertainable from a review of Defendants' records.

387. It is impractical to join all proposed class members to this action as even 1,000 proposed class members is too numerous.

388. Upon information and belief, Defendants' actions set forth above prevailed for a significant period of time and were a part of its regular pattern of business.

There Are Questions of Law and Fact Common to the Proposed Class

389. Plaintiffs and the proposed class members all have the same legal and factual relationship with all Defendants and their subsidiaries and affiliated entities.

390. Each and every Defendant has engaged in a standardized course of conduct

relating to all material acts, practices, and omissions regarding Plaintiffs and the proposed Class members.

391. All members of the proposed class were harmed in identical ways by identical acts and omissions of the several Defendants.

392. At all material times hereto, the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq. has defined the legal rights, obligations, and duties of Defendants and all members of the proposed Class.

393. Defendants have been subject to the requirements of the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq. during all relevant times herein.

394. Plaintiffs and the proposed Class members all entered into transactions with Defendants in violation of the South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq. as set forth above.

395. At all times material hereto, Plaintiffs and the proposed Class members were “Purchasers” and “Owners” within the definitions of South Carolina Vacation Time Sharing Plans Act, S.C. Code 27-32-10 et seq., and are thereby provided all protections afforded to therein.

*The Class and Subclass Representatives have Claims Typical of the
Proposed Class and Subclass Members*

396. The Plaintiffs’ claims for relief are based on the same legal principles and theories arising from the same events and practices of the several Defendants.

397. Defendants’ common course of conduct with respect to Plaintiffs and the proposed Class members renders the claims typical.

398. The interests of the proposed class members’ are not placed in jeopardy by virtue of the Class Representatives’ claims for relief because common issues of law and fact govern

Plaintiffs and the proposed Class members' claims and requests for relief.

*The Class Representatives Will Fairly and Adequately Protect the
Interests of the Proposed Class*

399. The Class Representatives can fairly and adequately represent the proposed class because they all have the same interests and have been harmed by the several Defendants' conduct and omissions.

400. Neither Plaintiffs nor the proposed class members have received any benefit, economical or otherwise, from the several Defendants' conduct and omissions.

401. The Class Representatives do not have opposing or conflicting interests with the proposed class members.

*Class Counsel Will Fairly and Adequately Represent
the Interests of the Proposed Class*

402. Plaintiffs' counsel have represented several hundred timeshare owners with respect to claims relating to their timeshare interests.

403. Plaintiffs' counsel have represented timeshare owners in dozens of lawsuits against various Developers and related entities involving issues including but not limited to Contract Disputes; Violations of the South Carolina Vacation Time Sharing Plans Act, Breach of Fiduciary Duty, Fraud, Negligent Misrepresentation, Negligent Supervision, Unfair Trade Practices Act violations, and other claims.

404. Predominance is established because if any Defendant is found liable to Plaintiffs they will be liable to members of the proposed Class and/or Subclasses.

405. Defendants engaged in a common course of conduct that affected Plaintiffs and the proposed class members equally.

406. Defendants perpetrated a scheme on Plaintiffs and the proposed class members by

the use of substantially similar form documents, and all harm that the Defendants inflicted at all material times to this action has flowed from their standardized conduct.

407. Holding Defendants liable on Plaintiffs' claims will have a direct impact on every class member's effort to establish Defendants' liability.

The Proposed Class Members are Readily Ascertainable

408. The proposed class members purchased a timeshare interest from Defendants.

409. Defendants' business records will contain the identity of each and every proposed class member.

410. Defendants' books and records will have a list of all owners and contain information regarding the identity of the proposed class members.

411. Due to the number of proposed class members and number of Defendants, joinder of all proposed class members is unreasonable and hundreds or perhaps thousands of separate lawsuits regarding identical factual circumstances and legal issues would burden the Court and the several Defendants.

412. Given the nature of the issues involved in this lawsuit and a finding that the other requirements for class certification having been met, a class action lawsuit is the fairest and most efficient manner to adjudicate this controversy.

WHEREFORE, having fully set forth their Complaint against Defendants, Plaintiffs pray that the Court inquire into the matters set forth herein and issues its Order as follows:

- A. Granting Plaintiffs judgment against Defendants, jointly and severally, for Fraud/Intentional Misrepresentation for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;

- B. Granting Plaintiffs judgment against Defendants, jointly and severally, for violation of the South Carolina Timeshare Act for actual damages in an amount to be set forth at trial;
- C. Granting Plaintiffs judgment against Defendants, jointly and severally, for violation of the South Carolina Unfair Trade Practices Act in an amount to be set forth at trial, trebled, as well as the costs, expenses, and attorneys' fees of this action;
- D. Granting Plaintiffs judgment against Defendants, jointly and severally, for violation of the Consumer Protection Code for actual, incidental, consequential, and punitive damages in an amount to be determined at trial, as well as a declaration that the contract and/or its terms are unconscionable and unenforceable;
- E. Granting Plaintiffs judgment against Defendants, jointly and severally, for Breach of Contract for actual, incidental, and consequential in an amount to be set forth at trial;
- F. Granting Plaintiffs judgment against Defendants, jointly and severally, for Negligent Misrepresentation for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- G. Granting Plaintiffs judgment against Defendants, jointly and severally, for Breach of Fiduciary Duty for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- H. Granting Plaintiffs judgment against Defendants, jointly and severally, for Civil Conspiracy for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- I. Declaring that no valid and binding contract exists between the parties due to there being no meeting of the minds as to the contract and as further set forth therein;

- J. Granting Plaintiffs judgment against Defendants, jointly and severally, for Negligent Hiring for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- K. Granting Plaintiffs judgment against Defendants, jointly and severally, for Negligent Selection for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- L. Granting Plaintiffs judgment against Defendants, jointly and severally, for Negligent Contracting for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- M. Granting Plaintiffs judgment against Defendants, jointly and severally, for Negligent Training for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- N. Granting Plaintiffs judgment against Defendants, jointly and severally, for Negligent Supervision for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- O. Granting Plaintiffs judgment against Defendants, jointly and severally, for Negligent Retention for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;
- P. Granting Plaintiffs judgment against Defendants, jointly and severally, for Civil RICO for actual, incidental, consequential, and punitive damages in an amount to be set forth at trial;

- Q. Granting Plaintiffs judgment against Defendants, jointly and severally, for treble damages, costs, and attorneys' fees pursuant to 18 U.S.C. § 1962(c) and 18 U.S.C. § 1964(c);
- R. Certify the Class and Sub-classes as detailed herein and Plaintiffs as class representatives; and
- S. Granting such other and further relief as the Court deems just and proper.

Respectfully submitted,

/s/ Zach S. Naert
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Hilton Head Island, SC