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Timeshare company pleads guilty to breaches of consumer law

Edmonton... A Calgary-based timeshare company with resorts located in Canmore has pleaded guilty to breaches of the province's *Fair Trading Act* for failing to provide timely refunds to customers who cancelled their contracts.

On August 4, 2004, Service Alberta filed charges against Royal Club Resorts Inc. and Andre Muran for breaches of the act's unfair practices, timeshare and travel club provisions. Royal Club Resorts Inc. was selling memberships for vacation resorts at Banff Gate Mountain Lodge & Spa and Chateau Canmore with access to other travel services through an exchange program. Consumers complained when they cancelled their memberships but did not receive refunds from the company.

The *Fair Trading Act* requires timeshare companies to refund money to consumers within 15 days of cancellation. The act also regulates and sets out licensing, contract, cancellation and refunds requirements for travel clubs.

In a plea agreement, Royal Club Resorts Inc. admitted to three counts of failing to provide refunds within legislated timeframes to consumers who exercised their cancellation rights. The company was fined \$16,500 and agreed to pay \$5,500 toward investigation costs incurred by Service Alberta.

Following a series of related investigations based on consumer complaints, Royal Crown Resorts Ltd., director Andre Muran and Chateau World Vacations Inc. and its directors Gerard D'Souza and Earl Fernandes signed an undertaking with the province's Director of Fair Trading acknowledging additional breaches of the unfair practices and timeshare provisions of the legislation. The undertaking required the companies to pay \$8,500 in investigative costs and change practices to prevent a recurrence of the unfair practices.

The 29 consumers who were part of the investigations received approximately \$221,000 in refunds and contract cancellations.

The timeshare industry has undergone significant change in response to evolving demands in the marketplace. This has resulted in the sale of products that blend timeshare and travel club services. In order to keep pace with these changes, a review of the *Fair Trading Act's* timeshare and travel club regulations is currently under way.

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