



# News Release

## Office of the Attorney General

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### **Attorney General Announces \$3 Million Settlement with Timeshare Company** *Tennessee consumers eligible for refunds and loan forgiveness*

Tennessee Attorney General Herbert H. Slatery III today announced a \$3 million settlement with Festiva, a network of vacation and timeshare companies, for alleged violations of the federal Telemarketing Act, federal Telemarketing Sales Rule, and the Tennessee Consumer Protection Act.

Under the terms of the settlement, Festiva has agreed to provide \$1,250,000 in cash restitution and up to \$1,000,000 in loan forgiveness for eligible Tennesseans, and make a \$750,000 payment to the State of Tennessee. In addition, Festiva has agreed to specific guidelines prohibiting unfair, deceptive, or misleading acts or practices in connection with their telemarketing and face-to-face sales of vacation or timeshare products.

Certain consumers who purchased vacation or timeshare products from Festiva companies, including Festiva Adventure Club and Etourandtravel, will be eligible to have their Festiva contracts cancelled and receive partial refunds of the money they have paid to date. In addition, some consumers who financed their Festiva purchases will be eligible to have the entire balance of their Festiva loans forgiven.

“Tennessee prides itself on being one of the top tourist destinations in the country. Our office has zero patience for the type of activities exhibited in this instance and will take swift action against companies that do not play by the rules,” General Slatery said. “We hope this settlement will remind consumers to always do their homework and research a company before turning over hard-earned dollars to that company.”

Today’s settlement resolves allegations that Festiva operated a telemarketing and direct mail enterprise that used fraudulent and deceptive tactics to lure Tennesseans into attending high-pressure sales presentations designed to sell them expensive vacation memberships and products. According to complaints reviewed by the Tennessee Attorney General’s Office, consumers were misled into believing they had won or been selected for a valuable prize, but to claim the prize,



had to comply with many undisclosed requirements including a lengthy, high-pressure sales presentation.

Once consumers purchased their vacation or timeshare products, they learned the vacations were different from what was promised at the sales presentation or during the telemarketing call. Onerous rules and terms allegedly made the products difficult to use, and desirable vacation locations were difficult to book because of unavailability.

The defendants, all headquartered in Asheville, North Carolina, include Festiva Development Group, Inc., d/b/a Festiva Adventure Club, Festiva Real Estate Holdings, LLC, f/k/a Festiva Resorts, LLC, Festiva Resorts Adventure Membership Club Association, Inc., Festiva Sailing Vacations, Inc., Human Capital Solutions, LLC, f/k/a Festiva Resort Services, LLC, Resort Travel & Xchange, LLC, f/k/a Festiva Travel & Xchange, LLC, Patton Hospitality Management, LLC, f/k/a Festiva Management Group, LLC, Zealandia Capital, Inc., f/k/a SETI Marketing, Inc., Zealandia Holding Company, Inc., f/k/a Festiva Hospitality Group, Inc., as well as Festiva principals Donald K. Clayton and Herbert H. Patrick, and Festiva marketing executive Richard A Hartnett. Additional Florida and Arkansas-based defendants were later added to the case including Etourandtravel, Inc., Escapes Travel Choices, LLC, and Festiva/Etourandtravel principal J. Lance Croft.

Known eligible consumers will be notified by mail by the Tennessee Attorney General's Office in approximately one month. Tennesseans who believe they may be eligible to share in the Festiva settlement are encouraged to contact the Tennessee Attorney General's Office by April 30, 2016.

Any Tennesseans who believe they may be eligible to participate in this settlement, or have questions about the settlement, should call the Tennessee Attorney General's Office at (615) 741-1671.