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U.S. DISTRICT COURT

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

\_\_\_\_\_  
VERONICA MURILLO, individually )  
and on behalf of all others similarly situated, )  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
RESORT CONDOMINIUMS )  
INTERNATIONAL, LLC, )  
 )  
Defendant. )  
\_\_\_\_\_  
X

Case Number 06: 1222 (wjm)  
CLASS ACTION  
PLAINTIFF DEMANDS TRIAL  
BY JURY

**COMPLAINT AND DEMAND FOR A JURY TRIAL**

COMES NOW Plaintiff, Veronica Murillo, resident of 146 Crawford Street, Eatontown, New Jersey 07724, individually and on behalf of all persons similarly situated, and for her Complaint against Resort Condominiums International, LLC, whose principal place of business is 7 Sylvan Way, Parsippany, New Jersey 07054, states:

**INTRODUCTION**

1. Resort Condominiums International, LLC ("RCI") markets a tantalizing concept: By buying a timeshare (a legal interest in resort real estate for a specified period of time each year) and joining RCI, RCI Members have the right to participate in an

exclusive exchange program giving them access to the timeshares of thousands of other RCI members around the world. As RCI tells it, each member can deposit his or her timeshare with RCI – thereby making it available for other members of the program – and can then withdraw a timeshare another member has deposited. A key selling point is that only members of the program can access the deposited timeshares. This concept of a one-for-one exchange exclusively among RCI members is RCI's bedrock marketing principle. Unfortunately, RCI creates this image of its program through a uniform fraudulent, deceptive and unconscionable marketing scheme.

2. In practice, the RCI members are not the only persons with access to the timeshares. While RCI members deposit their timeshares into the system, RCI does not make all of these timeshares available for exchange. Instead, RCI skims a large percentage of the timeshares from the system, including many prime timeshares, and rents these out to the general public for profit. RCI also uses these timeshares for promotional purposes and as fringe benefits for its employees, further depleting the number of timeshares available for member exchanges.

3. Through these and other business practices, RCI converts many of the prime timeshare deposits into cash, leaving much less desirable timeshares in the system for member exchanges. As a result of these fraudulent practices, the actual experience of many RCI members is that no matter how meticulously they follow RCI's rules and procedures, no matter how far in advance they begin looking for an exchange, they simply cannot find any comparable exchanges. RCI profits by these practices at the expense of its members, whose timeshares and RCI "benefits" are rendered virtually worthless.

4. Veronica Murillo and others were defrauded by RCI's scheme; Ms. Murillo now brings this action, on behalf of herself and others, to remedy the fraud.

**PARTIES**

5. Plaintiff Veronica Murillo is a citizen of New Jersey.

6. RCI maintains its principal place of business in New Jersey. RCI operates a worldwide vacation ownership exchange program through which its members' timeshares are exchanged.

**JURISDICTION AND VENUE**

7. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332 because the matter in controversy exceeds the sum or value of \$5,000,000, exclusive of interest and costs and is a class action in which a member of a class of plaintiffs is a citizen of a State different from the defendant. Less than one-third of the members of the proposed plaintiff class are citizens of New Jersey.

8. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(a) because jurisdiction is founded only on diversity of citizenship, the Defendant resides in this judicial district, and a substantial part of the events or omissions giving rise to the claim occurred in this judicial district.

**TIMESHARES GENERALLY**

9. A timeshare is a form of joint interest in real estate where each of numerous persons share a legal interest in and enjoy use or occupation of the real estate for a specified period of time.

10. Legal interest in a timeshare can be acquired by acquisition of fee title to a specific piece of real estate for a specified period of time. This legal interest is known as

a Deeded Interval. The owner of a Deeded Interval, along with all other Deeded Interval owners in the same real estate, collectively own the real estate.

11. Legal interest in a timeshare can also be acquired by acquisition of a leasehold interest in or license to use a specific piece of real estate for a specified period of time. This legal interest is known as a Vacation Interval. The developer typically retains ownership of the real estate, but leases or licenses the right to use a portion of the real estate to individual lessees or licensees at agreed upon terms.

12. The specified period of time during which the owner of a Deeded Interval or Vacation Interval has the right to occupy the real estate is known as a Timeshare Interval.

13. Timeshare Intervals generally cost between \$8,000 and \$20,000, depending on desirability. In addition, Timeshare Interval owners are typically required to pay annual maintenance fees in connection with their Timeshare Intervals, which steadily increase over time.

#### **RCI'S TIMESHARE EXCHANGE PROGRAM**

14. RCI purports to facilitate the exchange of Timeshare Intervals among owners of Timeshare Intervals.

15. RCI is not licensed to engage in the business of a real estate broker.

16. RCI represents that an RCI member may deposit a Timeshare Interval owned by that member into the RCI SPACEBANK® system, and then remove and use a Timeshare Interval owned by another RCI member at another time and location, depending on availability.

17. In connection with its facilitation of timeshare exchanges, RCI defines Vacation Ownership as the legal right to own, occupy or use accommodations in a resort, vacation club or vacation plan that has affiliated with RCI.

18. In connection with its facilitation of timeshare exchanges, RCI defines Vacation Time as recurring week(s), or parts thereof, of Vacation Ownership, utilized through the RCI SPACEBANK® system, whether owned as a real estate interest, i.e., a Deeded Interval, or as a right to use interest, i.e., a Vacation Interval.

19. For the purpose of this pleading and consistent with RCI's use of the term, Vacation Time means a Timeshare Interval, or any portion of a Timeshare Interval, that an RCI member has deposited into the RCI SPACEBANK® system.

20. RCI purports to facilitate the exchange of Timeshare Intervals among owners of Timeshare Intervals through two exchange networks: the RCI Weeks Program ("RCI Weeks") and the RCI Points Programs ("RCI Points"). Members of these programs are hereafter referred to as Weeks Members and Points Members respectively, and are collectively referred to as RCI Members.

21. RCI Weeks is designed as a traditional week-for-week exchange system, purportedly allowing a Weeks Member to deposit a Timeshare Interval into the RCI SPACEBANK® system and request an exchange for another Timeshare Interval at one of RCI's 3,700 affiliated resorts.

22. To use the RCI SPACEBANK® system, a Weeks Member deposits a Timeshare Interval into the RCI SPACEBANK® system, then requests an exchange week at a comparable resort. If the requested week is not available, the Weeks Member

may place an ongoing search in the RCI SPACEBANK® system for the type of location and facility desired.

23. RCI purports to rank and color code weeks by location, facility, season and other factors to establish the value of each Timeshare Interval deposited into the RCI SPACEBANK® system. In RCI Weeks, "Red" indicates a high demand week, "White" indicates a moderate demand week and "Blue" indicates a low demand week.

24. Annual fees for 2006 range from \$89 for a one-year membership in RCI Weeks to \$339 for a five-year membership in RCI Weeks. RCI charges an additional fee, known as an Exchange Fee, if a Weeks Member requests an exchange of his or her Timeshare Interval. For Weeks Members in the United States, the Exchange Fee is \$149 if the Weeks Member attempts to exchange his or her Timeshare Interval for a different Timeshare Interval in the United States, and \$189 if the Weeks Member attempts to exchange his or her Timeshare Interval for a different Timeshare Interval outside the United States.

25. In 2000, RCI developed RCI Points. To become a member of RCI Points, an individual must purchase a Timeshare Interval at a resort that is affiliated with RCI's Points Program. The cost of the Timeshare Interval and the RCI Points Package typically ranges from \$9,000 to \$21,000. Purchasing the "RCI Points Package" gives the Timeshare Interval owner the option to become a member of RCI Points. When a Timeshare Interval owner becomes a member of RCI Points, RCI assigns a point value to the Points Member's Timeshare Interval. RCI purports to assign point values based on RCI's internal ranking system, which considers factors such as location, overall ranking of the resort, unit size and season.

26. RCI represents that the primary reason to become a member of RCI Points is the ability to use points as exchange currency in the RCI SPACEBANK® system. Each RCI Points Member's points are deposited into the Points Member's account – known as an RCI Points Program Account – at the beginning of the member's use year. The use year is the one-year period of time commencing on the date or anniversary of the Points Member's purchase of the RCI Points Program Account.

27. RCI represents that Points Members receive enhanced benefits relative to Weeks Members, including, among other things:

- a. A free membership in RCI Weeks, which entitles the Points Members to exchange their points for time at any RCI affiliated resort, regardless whether the resort is designated as an RCI Points Program resort or an RCI Weeks Program resort;
- b. The ability to choose the size of the vacation unit for each vacation;
- c. The freedom to stay for as little as one night instead of being limited to the one-week intervals in the RCI Weeks Program;
- d. The ability to save and borrow points for more flexibility in vacation planning;
- e. The ability to use points with RCI Points Partners for services other than vacation accommodations, including cruises, hotels and car rentals ("Other Vacation Products"); and
- f. The ability to access the RCI Points Program member-only website. At this website, the Points Member is able to review how

many points are available in his or her account and to shop for vacation reservations.

28. The annual fee in 2006 for an RCI Points Program membership is \$99. RCI charges an additional fee – known as a Transaction Fee – to request a reservation for accommodations or Other Vacation Products. The Transaction fee ranges from between \$49 and \$99.

29. Points Members may request reservations at vacation destinations and may request Other Vacation Products through the website or by calling RCI. To request a reservation for accommodations or Other Vacation Products, the member must “cash in” the required number of points.

30. In consideration for membership fees, Exchange Fees and Transaction Fees, RCI lists RCI Members’ Timeshare Intervals in the RCI SPACEBANK® system for exchange, and offers or attempts to negotiate such exchanges.

### **RCI’S SCHEME TO DEFRAUD ITS MEMBERS**

31. Through its coordinated and uniform marketing strategy, RCI seeks to create and maintain the impression that access to Vacation Time is completely or almost completely limited to RCI Members and that RCI Members will be able to exchange their Timeshare Intervals for comparable Timeshare Intervals around the world. To create this impression, RCI, directly and indirectly, through agents or intermediaries, makes misrepresentations and knowingly conceals, suppresses or omits material facts in connection with the sale or advertisement of RCI Weeks and RCI Points or in connection with RCI’s subsequent operation of RCI Weeks and RCI Points with the intent that members and prospective members would rely thereon to purchase a Timeshare Interval,

purchase membership in RCI Weeks or RCI Points, maintain and renew membership in RCI Weeks or RCI Points, pay Exchange Fees to RCI, pay Transaction Fees to RCI and pay other fees to RCI.

32. Through its coordinated and uniform operating strategy, RCI routinely makes Vacation Time available to persons other than RCI Members, thereby diluting the quality and quantity of Vacation Time available to RCI Members and increasing the ratio of RCI Members vis-à-vis persons who may access Vacation Time substantially above the one-to-one, or nearly one-to-one, ratio for which RCI Members bargained. RCI's operating strategy is to take premium Vacation Time and make it available to non-RCI members for cash rentals and other purposes.

33. RCI admits that it rents Vacation Time to non-RCI members. RCI claims, however, that the Vacation Time it rents to the public consists of Vacation Time that no RCI member would want or use.

34. In a number of timeshare forums frequented by Timeshare Interval owners and prospective owners, RCI routinely has represented that the Timeshare Intervals deposited by RCI Weeks Members for exchange are available exclusively for exchange unless and until they fall within the Marketable Inventory category, which refers to Vacation Time that members historically do not want or use.

35. RCI has represented to Plaintiff and others that RCI Members from around the world are continually depositing Vacation Weeks with RCI, and other Members from around the world are requesting exchanges from this supply.

36. RCI has further represented – through its Director of Communications John R. Barrows – that Marketable Inventory is comprised of “last minute cancellations”

and “weeks that no member will request, and no member will use,” and that “no RCI member’s right to a fair exchange is ever compromised by any RCI marketable inventory program.” Letter from John R. Barrows to The Timeshare Beat, <http://www.thetimesharebeat.com/2002/ts/feb/0215-03t.htm>.

37. On information and belief, RCI places premium Vacation Time into Marketable Inventory for rentals and other uses by non-RCI members. RCI employees explain that most Vacation Time from highly requested areas during popular times of travel go straight to Marketable Inventory. RCI does not replenish the exchange inventory with comparable Vacation Time.

38. In addition to RCI’s practice of renting Marketable Inventory to the public, RCI also has another source of inventory for its rental program. RCI admits that it rents prime weeks in the most desirable resorts at the most desirable times. But it claims that all of these premium weeks come from people who banked them into the system and exchanged them for cruises or plane tickets, instead of taking out a Timeshare Interval in exchange. This source of rental inventory is impossible to trace or verify because RCI deliberately refuses to publish any statistics in this area.

39. This limitless “cruise exchange” theory provides RCI with a cover story for every rental of every premium period of Vacation Time that it should ever desire to rent to the public. RCI attempts to explain all of these rentals by simply asserting that the premium Vacation Time was deposited in exchange for a cruise or a plane ticket, and thus did not come from the timeshare exchange inventory.

40. On information and belief, only a small percent of prime Vacation Time available for rent is comprised of Vacation Time that was deposited and exchanged for

cruises or plane tickets; rather, the vast majority of prime Vacation Time was deposited by RCI Members in good faith to support the concept of a one-for-one exchange.

41. RCI implements its uniform marketing strategy directly and through intermediaries, which RCI calls affiliates, to induce RCI Members and prospective members into believing that access to Vacation Time is completely or almost completely limited to RCI Members. RCI develops and provides standardized "sales tools" to its affiliates, including but not limited to membership kits, resort directories, brochures, videos and DVDs. RCI develops these standardized sales tools and distributes them to its affiliates solely to create and reinforce RCI Members and prospective members' false belief that access to Vacation Time is completely or almost completely limited to RCI Members.

42. RCI knows and intends that the representations and omissions in its sales tools are material to RCI Members' and prospective members' decision to purchase a Timeshare Interval, purchase membership in RCI Weeks or RCI Points, maintain and renew membership in RCI Weeks or RCI Points, pay Exchange Fees to RCI, pay Transaction Fees to RCI and pay other fees to RCI. RCI represents that use of these sales tools adds value to the Timeshare Intervals its affiliates are selling. In fact, RCI admits that the role of its vacation exchange in "closing the sale" is very important for RCI affiliates. RCI admits that it provides the sales tools to "increase closing rates, enhance loyalty and drive strong and sustained growth" of its affiliates. RCI admits that its affiliates benefit from the ability to reassure potential Timeshare Interval purchasers that their post-sale service and exchange vacations are backed by RCI and Cendant Corporation.

43. Directly and through the use of affiliate-distributed RCI sales tools, RCI actively attempts to convince RCI Members and prospective members that RCI does not use Vacation Time for any commercial purpose, including auction, rental or sale. RCI actively attempts to convince RCI Members and prospective members that the market for Vacation Time exists solely for the use and benefit of RCI Members and can be obtained solely through the RCI SPACEBANK® system.

44. At the same time RCI attempts to convince members and prospective members that their Vacation Time is marketable solely to RCI members and solely through the RCI SPACEBANK® system, RCI secretly enters into Marketable Vacation Time Agreements with third parties ("Vendors") in which RCI grants Vendors the right to purchase Vacation Time from RCI and sell the Vacation Time to the general public. RCI keeps the proceeds of sales of Vacation Time to Vendors ("Vendor Fees").

45. In order to conceal RCI's sale of Vacation Time to Vendors, RCI routinely prohibits Vendors from referring to RCI, directly or indirectly, in their communications with purchasers and prospective purchasers, using any RCI materials or otherwise associating themselves with, or in any way publicly identifying their relationship to, RCI.

46. On information and belief, these Vendors offer or have offered Vacation Time through the following websites, among others: [resortrip.com](http://resortrip.com); [activeinternational.com](http://activeinternational.com); [cLeisurelink.com](http://cLeisurelink.com); [bid4vacations.com](http://bid4vacations.com); [skyauctions.com](http://skyauctions.com); [amexcondodirect.com](http://amexcondodirect.com); [gettravelop.com](http://gettravelop.com); [veteransholidays.com](http://veteransholidays.com); [holidaynetwork.com](http://holidaynetwork.com); and [ebay.com](http://ebay.com).

47. RCI has maintained, and continues to maintain, a common, routine and customary business practice of selling Vacation Time to Vendors for resale to the general

public. On information and belief, much of the Vacation Time RCI sells to Vendors for resale to the general public is comprised of high demand weeks at high demand properties.

48. On information and belief, RCI further decreases the pool of Vacation Time available to RCI Members by allowing Vendors and other third parties to use Vacation Time in the promotion of other products sold by RCI affiliates. For example, RCI affiliates have offered Vacation Time for free to induce the purchase of vacation cruises.

49. On information and belief, RCI further decreases the pool of Vacation Time available to Members by giving its employees a free one-week vacation and uses Vacation Time for this purpose. Upon information and belief, these free week vacations include Vacation Time comprised of high demand weeks at high demand resorts.

50. Because RCI sells Vacation Time to Vendors for resale to the general public, authorizes the use of Vacation Time in connection with promotions of Other Vacation Products, and provides Vacation Time to its employees and others, RCI Members are often unable to obtain desirable Vacation Time through the RCI SPACEBANK® system.

51. Because RCI sells Vacation Time to Vendors for resale to the general public, authorizes the use of Vacation Time in connection with promotions of Other Vacation Products, and provides Vacation Time to its employees and others, the value of RCI members' memberships in RCI Weeks or RCI points is less than the value of the memberships as represented by RCI.

52. Because RCI sells Vacation Time to Vendors for resale to the general public, authorizes the use of Vacation Time in connection with promotions of Other Vacation Products, and provides Vacation Time to its employees and others, the value RCI members receive for the payment of Exchange Fees and Transaction Fees is less than the value of these fees as represented by RCI.

53. Because RCI sells Vacation Time to Vendors for resale to the general public, authorizes the use of Vacation Time in connection with promotions of Other Vacation Products, and provides Vacation Time to its employees and others, the value of RCI members' Timeshare Intervals is less than the value of these Timeshare Intervals as represented by RCI.

54. RCI acquired membership fees, Exchange Fees, Transaction Fees, Vendor Fees, rental income and other money by means of its conduct alleged in this pleading.

55. Through a continuing course of misrepresentations and omissions, including the misrepresentations and omissions described in this pleading, RCI has actively concealed from Weeks Members and Points Members the existence of their causes of action against RCI such that RCI Members could not have, through reasonable diligence, discovered their causes of action against RCI. Further, because of RCI's conduct alleged in this pleading, many of the particular circumstances constituting its fraud remain within its sole custody and control.

**THE NAMED PLAINTIFF**

56. Veronica Murillo resides in Eatontown, New Jersey.

57. In March 2001, Ms. Murillo attended a sales presentation at the Palm Beach Shores Resort in Florida.

58. At the sales presentation, Ms. Murillo was encouraged to purchase a Timeshare Interval in the Palm Beach Shores Resort on the basis that doing so would entitle her to access thousands of resorts around the world through the exclusive RCI Weeks Program. The 2001 presentation was focused almost entirely on RCI and the enhanced value due to the exchange opportunities offered through RCI and due to the fact that access to Vacation Time is completely or almost completely limited to RCI Members.

59. The timeshare marketer employed RCI sales tools at the 2001 sales seminar. RCI knew or had reason to expect that the timeshare marketer would use the sales tools in its communications with Plaintiff such that the sales tools would influence Plaintiff's decision to purchase the Timeshare Interval, agree to pay maintenance fees, renew their membership in RCI Weeks or pay Exchange Fees.

60. After the presentation and as a result of RCI's representations and omissions, Ms. Murillo purchased an undivided one-fifty-second co-tenancy interest in one unit at the Palm Beach Shores Resort. At the time Ms. Murillo purchased the Timeshare Interval, she also agreed to pay an initial annual maintenance fee for the Timeshare Interval.

61. Ms. Murillo purchased the Timeshare Interval and acquired her membership in RCI Weeks because of her understanding that through the RCI

SPACEBANK® system she would be able to exchange her Palm Beach Shores Resort Timeshare Interval for Timeshare Intervals of comparable value, and that the market for Vacation Time existed solely for the use and benefit of RCI Members and could be obtained solely through the RCI SPACEBANK® system.

62. Ms. Murillo retained ownership of the Palm Beach Shores Resort Timeshare Interval, renewed her membership in RCI Weeks, and continued to pay annual maintenance fees because of her understanding that through the RCI SPACEBANK® system she would be able to exchange her Palm Beach Shores Resort Timeshare Interval for Timeshare Intervals of comparable value, and that the market for Vacation Time existed solely for the use and benefit of RCI Members and could be obtained solely through the RCI SPACEBANK® system.

63. Ms. Murillo is a current RCI Weeks member. She has paid all exchange fees due to RCI for her Vacation Time.

64. Because of RCI's dilution of the pool of Vacation Time, Ms. Murillo has been unable to use the RCI SPACEBANK® system to exchange her Timeshare Interval for any Timeshare Intervals remotely comparable to her own. She has been unable to sell her Timeshare Interval. Her membership in RCI Weeks and the fees she has paid RCI have provided no value to her.

65. Ms. Murillo would not have purchased her Timeshare Interval, maintained her Timeshare Interval, incurred maintenance fees, joined RCI, renewed her membership in RCI Weeks or paid Exchange Fees or other fees to RCI in the absence of RCI's deceptive conduct set forth in this pleading.

**COUNT I – VIOLATION OF THE NEW JERSEY  
CONSUMER FRAUD ACT, N.J.S. 56:8-1, ET SEQ.**

66. Plaintiff incorporates the preceding paragraphs of this pleading.

67. RCI performed the following affirmative acts, among others, in connection with the sale or advertisement of the RCI Weeks Program or RCI's subsequent performance of the RCI Weeks Program with the intent that Plaintiff would rely on the affirmative acts to purchase a Timeshare Interval, purchase membership in the Weeks Program, maintain membership in the Weeks Program, pay maintenance fees, pay Exchange Fees to RCI or pay other fees to RCI:

- a. Falsely represented, expressly and implicitly, directly and through intermediaries, in direct mail promotional materials, a timeshare sales meeting, internet communications, telephonic communications and through other public and private communications, that access to Vacation Time is completely or almost completely limited to RCI Members and that RCI Members are able to exchange their Timeshare Intervals for comparable Timeshare Intervals around the world.
- b. Falsely represented that it would not use Vacation Time for any commercial purpose, including auction, rental or sale.
- c. Falsely represented that RCI Members from around the world are continually depositing Vacation Weeks with RCI, and other Members from around the world are requesting Exchange Vacation Weeks from this supply.

- d. Falsely publicly represented in a timeshare forum frequented by Timeshare Interval owners and prospective owners that “RCI member weeks that are deposited FOR EXCHANGE are not included in any rental programs.”
- e. Falsely publicly represented in a timeshare forum frequented by Timeshare Interval owners and prospective owners that the Timeshare Intervals deposited by RCI Weeks Members for exchange are available exclusively for exchange unless and until they fall within the Marketable Inventory category, which refers to weeks that members historically do not want or use.
- f. Falsely publicly represented – through its Director of Communications John R. Barrows – that the Vacation Time RCI sells to Vendors and others is comprised of “last minute cancellations” and “weeks that no member will request, and no member will use.”
- g. Falsely publicly represented – through its Director of Communications John R. Barrows – that “no RCI member’s right to a fair exchange is ever compromised by any RCI marketable inventory program.”
- h. Engaged either directly or indirectly in the business of a real estate broker without being licensed to do so.

68. RCI knowingly concealed, suppressed or omitted from Plaintiff the following facts, among others, material to Plaintiff's purchasing decision, in connection with the sale or advertisement of the RCI Weeks Program or RCI's subsequent performance of the RCI Weeks Program with intent that Plaintiff would rely upon such concealment, suppression or omission to purchase a Timeshare Interval, purchase membership in the Weeks Program, maintain membership in the Weeks Program, pay exchange fees to RCI and pay other fees to RCI:

- a. RCI sells Vacation Time to Vendors for resale to the general public.
- b. RCI rents Vacation Time to the general public.
- c. RCI uses or authorizes the use of Vacation Time in the promotion of other products.
- d. RCI uses or authorizes the use of Vacation Time as a form of employee compensation.

69. RCI's affirmative acts, knowing suppression, omission or concealment of material facts and its other conduct set forth in this pleading constitute regulatory violations, including, among others, violation of laws prohibiting persons, firms and corporations from engaging either directly or indirectly in the business of a real estate broker without being licensed to do so.

70. RCI is a "person" within the meaning of N.J.S. 56:8-1(d).

71. The RCI Weeks Program and the RCI Points Program are "merchandise" within the meaning of N.J.S. 56:8-1(c).

72. RCI's unlawful conduct, including its affirmative acts, its knowing suppression, omission or concealment of material facts and its regulatory violations, proximately caused Plaintiff to sustain ascertainable loss because the actual value of Plaintiff's Timeshare Interval is less than the value of Plaintiff's Timeshare Interval as represented by RCI, because the actual value of Plaintiff's membership in RCI Weeks is less than the value of Plaintiff's membership in RCI Weeks as represented by RCI and because the actual value of the service provided in consideration for payment of the Exchange Fees is less than the value of the service as represented by RCI.

73. RCI's affirmative acts, knowing suppression, omission or concealment of material facts and its other conduct set forth in this pleading are unlawful practices within the meaning of N.J.S. 56:8-2.

#### **CLASS ALLEGATIONS**

74. Plaintiff brings this action on behalf of a class comprised of all RCI Weeks Members and all RCI Points Members. Excluded from the class are all officers and directors of the Defendant, its parent, its subsidiaries and affiliates, any law firm of record in this matter and any Judge conducting any proceeding in this action.

75. The class is so numerous that joinder of all members is impracticable. RCI operates the world's largest timeshare exchange network, with three million members. RCI performs exchanges at more than 3,700 resorts. RCI controls over 80% percent of the global timeshare exchange service market.

76. There are questions of law or fact common to the class, including but not limited to the following:

- a. Whether RCI developed and implemented a coordinated and uniform marketing strategy designed to create and maintain the false impression among Plaintiff and the class that access to Vacation Time is completely or almost completely limited to RCI Members.
- b. Whether RCI developed and implemented a coordinated and uniform operating strategy designed to make Vacation Time routinely available to persons other than RCI Members, thereby diluting the quality and quantity of Vacation Time available to Plaintiff and class members and increasing the ratio of RCI members vis-à-vis persons who may access Vacation Time substantially above the one-to-one, or nearly one-one, ratio for which Plaintiff and members of the class bargained.
- c. Whether RCI knowingly concealed, suppressed or omitted from Plaintiff and the class facts material to Plaintiff's and the class' purchasing decisions in connection with the sale or advertisement of RCI Weeks or RCI Points or RCI's subsequent performance of RCI Weeks or RCI Points with intent that Plaintiff and the class would rely upon such concealment, suppression or omission to purchase a Timeshare Interval, purchase membership in RCI Weeks or RCI Points, maintain membership in RCI Weeks or

RCI Points, pay Exchange Fees to RCI, pay Transaction Fees to RCI and pay other fees to RCI.

- d. Whether RCI has engaged either directly or indirectly in the business of a real estate broker without being licensed so to do.
- e. Whether RCI's uniform marketing strategy violates the New Jersey Consumer Fraud Act.
- f. Whether Plaintiff and the class suffered ascertainable loss as a proximate cause of RCI's affirmative acts and knowing concealment, suppression or omission of material facts or RCI's engagement in the business of a real estate broker without being licensed so to do.
- g. Whether RCI acquired money by means of conduct declared unlawful by N.J.S. 56:8-2.

77. The claims of the representative Plaintiff are typical of the claims of the class because the representative Plaintiff's claims have the same essential characteristics as the class claims, arise from the same course of conduct that gives rise to the claims of other class members and are based on the same legal theories.

78. The representative Plaintiff will fairly and adequately protect the interests of the class because the representative Plaintiff's attorneys are qualified, experienced, and generally able to conduct the proposed litigation and the representative Plaintiff has no interests antagonistic to those of the class.

79. RCI has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole.

80. Questions of law or fact common to the members of the class predominate over any questions affecting only individual members.

81. A class action is superior to other available methods for the fair and efficient adjudication of the controversy.

WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, requests this Court award the following relief:


- a. an order declaring this action to be maintainable as a class action pursuant to Fed. R. Civ. P. 23 and appointing Plaintiff as class representative and her counsel as counsel for the class;
- b. a declaration that RCI engages in the business of a real estate broker without being licensed to do so;
- c. three fold the damages to Plaintiff and the class;
- d. a refund of all moneys RCI acquired by means of its conduct alleged in this pleading;
- e. costs and disbursements of this action including but not limited to reasonable attorneys' fees;
- f. pre-judgment interest; and

- g. other appropriate legal or equitable relief, including but not limited to disgorgement of all Vendor Fees, membership fees, Exchange Fees and Transaction Fees.

Respectfully submitted,

COHEN, PLACITELLA & ROTH,  
A Professional Corporation

Dated: March 14, 2006

By:   
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