



Portfolio Media, Inc. | 111 West 19th Street, 5th floor | New York, NY 10011 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Timeshare Biz Sues Firm Over Promises To Contract Owners

By **Joyce Hanson**

Law360 (November 14, 2019, 6:48 PM EST) -- Timeshare company Bluegreen Vacations has slapped a Missouri law firm with a false advertising lawsuit in Florida federal court, claiming it can't legally make good on its promise to help share owners cancel their timeshare contracts.

According to a lawsuit filed Wednesday, Montgomery Law Firm LLC charges timeshare owners thousands of dollars to supposedly get them out of their contracts even though the firm's lawyers know they have no legal right to interfere with the purchase agreements and will drive owners into default.

"Each Bluegreen owner pays defendants thousands of dollars to essentially breach a timeshare contract that the Bluegreen owner could have breached on his or her own, for free," the company wrote. "Defendants' 'cancellation' services are therefore illusory, and the Bluegreen owners often do not realize the scam until after the damage is done when their credit rating is badly hurt due to the default."

The lawsuit claimed that Springfield, Missouri-based lawyers M. Scott Montgomery and W. Todd Newcomb have conspired with two local companies to promote their alleged timeshare-exit services with false and misleading advertisements.

The first, which does business under the names of Principal Transfer Group and Atlas Vacation Remedies, and the second, called Square One Development Group Inc., market Montgomery Law's service with a "100% money-back guarantee" to shield the law firm itself from claims it's violating ethics rules, the suit said.

Principal Transfer Group and Square One sell their phony services through in-person meetings with Bluegreen owners, using scripts and standardized presentations, and they advertise via telemarketing and direct mail, the suit claimed. The companies then collect "exit service" fees paid to them by timeshare owners before Montgomery Law ever speaks to the owners, and they go on to share those fees with the law firm, the suit said.

"For example, the [non-lawyer] defendants will call timeshare owners, including Bluegreen owners, offering invitations to nearby presentations with a free meal," the suit alleged. "The telemarketers falsely state, based on their predetermined script, that owners who attend will learn how to get rid of their timeshare interests."

The marketing companies' activities allow Montgomery Law to work behind the scenes to transmit "numerous boilerplate demand letters" to Bluegreen — allegedly on owners' — which the law firm knows are "largely perfunctory tasks" destined to accomplish nothing, the suit said.

"After the Montgomery Law defendants send the demand letters, the [marketing] defendants do little more than facilitate the exchange of information between the Montgomery Law defendants and the Bluegreen owner," the suit said. "In other words, the ... defendants' 'exit services' merely involve waiting for the Bluegreen owner to go into default. The advertised services are therefore

illusory.”

Bluegreen alleges that Montgomery Law is aware that timeshare owners have rescission rights under Florida law allowing them to break their contracts only within a set time period after they sign their purchase agreements. These rights don’t extend to the law firm, the suit said.

“By advertising ‘cancellation’ to Bluegreen owners who are not within the applicable rescission period, defendants’ claim that they possess a means of ‘timeshare cancellation’ is inherently false and deceptive,” according to the suit.

The suit alleges violations of the Lanham Act, tortious interference with contractual relations, civil conspiracy and violations of Florida’s Deceptive and Unfair Trade Practices Act.

Bluegreen seeks a court order enjoining Montgomery Law and the non-lawyer defendants from continuing their allegedly deceptive and unfair business practices.

A lawyer for Bluegreen, Alfred J. Bennington Jr. of Shutts & Bowen LLP, told Law360 in an emailed statement Thursday that this is the second timeshare suit pending in Florida federal court against M. Scott Montgomery, Newcomb, their law firms and the exit companies working with them. Timeshare company Wyndham Vacation Ownership Inc. also has sued Montgomery, in the Middle District of Florida.

“Bluegreen has instituted a zero-tolerance policy towards abusive practices by these so-called ‘timeshare exit firms,’” Bennington said. “As can be gleaned from Bluegreen’s latest filing, Bluegreen continues in its aggressive pursuit of timeshare exit companies, those lawyers who participate in these schemes, and their co-conspirators. Bluegreen’s lawsuit is part of a long-term strategy to arrest this misconduct and protect its owners.”

Representatives for The Montgomery Law Firm did not immediately respond Thursday to requests for comment.

Bluegreen is represented by Alfred J. Bennington Jr., Glennys Ortega Rubin, Michael J. Quinn and Daniel J. Barsky of Shutts & Bowen LLP.

The case is Bluegreen Vacations Unlimited Inc. et al. v. The Montgomery Law Firm LLC et al., case number 1:19-cv-24704, in the U.S. District Court for the Southern District of Florida.

Counsel information for The Montgomery Law Firm defendants was unavailable.

--Editing by Peter Rozovsky.