IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS

FILED
AUG 19 2011
CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF ILLINOIS
EAST ST. LOUIS OFFICE

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	
	)	Criminal No. 11-30138-MJR
JOEL INTRAVAIA,	)	
	)	Title 18
	)	United States Code,
	)	Section 1349
Defendant.	)	

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

I. Introductory Statement

1. Between on or about the 1st day of February, 2009, until on or about the 30th day of September, 2009, in St. Clair, Madison, Clark, Marion, Pulaski, and Randolph Counties, within the Southern District of Illinois and elsewhere, **JOEL INTRAVAIA,** Jennifer Kirk, J.F., and others known and unknown, doing business as Creative Vacation Solutions ("CVS"), conducted a telemarketing timeshare resale scheme targeting timeshare owners throughout the United States and Canada. CVS falsely represented that it had found buyers for the consumers' timeshare interests and solicited fees of up to several thousand dollars from each consumer in purported pre-paid closing costs and related expenses. The purported sales did not occur, closings were not scheduled as was often represented, and, in fact, CVS did not successfully sell any consumer's timeshare interest. CVS failed to devote substantial resources to marketing its

clients' timeshare interest and simply pocketed the purported closing costs, with about a third going to the individual telemarketers who sold the timeshare resale services to the consumer and the balance kept by the owners of the telemarketing company.

2. Between February 1, 2009 and approximately September 30, 2009, operating through an office of CVS in Lake Worth, Florida, known as "Lake Worth I," **INTRAVAIA** and J.F. collected approximately $2.2 million and victimized approximately 1,512 consumers throughout the United States. The Lake Worth I office of CVS victimized consumers in the Southern District of Illinois.

II. Participants

3. Creative Vacation Solutions was a Florida Corporation based in Palm Beach County, Florida and formed in 2008 ostensibly by S.K., its ostensible owner, the brother of Jennifer Kirk. In fact, the company was owned and operated by Jennifer Kirk. CVS had several sales offices located in central Florida including offices at West Palm Beach, Belvedere, Boca Raton, Okeechobee, Green Acres and Lake Worth. Some of these offices resembled franchise operations in that they were owned and operated by others, but used the same business name, the same sales pitches and collected money through common credit card merchant accounts.

4. **JOEL INTRAVAIA** and J.F. were the owners and operators of one of the franchise operations. Their office was located in Lake Worth, Florida and was referred to as "Lake Worth I." That office used the CVS name, the same fraudulent sales scripts and sales methodology, collected money from its customers through the common accounts established by

CVS, and utilized the common customer service operation at the CVS home office. During at least part of its operation, the office's payroll was managed from the home office of CVS.

5. CVS engaged in a scam intended to deceive consumers into believing that these timeshare resale companies had obtained firm and binding offers from purchasers to buy that consumer's timeshare interest.[1] Telemarketers typically provided a specific closing date sixty to ninety days out and told clients that they would have to pre-pay closing related expenses of up to several thousand dollars. Telemarketers then processed charges against the consumers' credit cards and pocketed the money.

III. The Scheme

6. Two different but inconsistent telemarketing sales approaches have evolved in the timeshare resale industry in Florida. The first method, though more legitimate, has met with only very limited success. Telemarketers using this method sell what they describe as "advertising and marketing" services. The customer is told that their timeshare interest would be advertised and listed on a website and further that the resale company would engage in other unspecified marketing activities on the customer's behalf. The second method includes falsely representing to consumers during the initial call that the resale company already has a firm offer on the property and in order for the closing of the sale to take place the consumer is required to

[1] As used in this information,"timeshare" refers to a type of fractional interest in real estate in which the owner has the right to occupy particular premises for a specified period of time. What constitutes a "timeshare" depends upon the law of the state in which the real estate is located.

pay certain advanced fees and expenses for the projected closing. Typically, telemarketers represent to prospective consumers that there is a scheduled closing date within thirty, sixty or ninety days of the call.

7. For a very brief period of time, CVS attempted to operate somewhat more legitimately. Between a few days to a couple of weeks, customers were pitched marketing and advertising services, rather than being solicited for fees associated with the purported sale and closings on their timeshare interest. However, the business evaporated once telemarketers were prohibited from uttering lies to the consumer . They found that relatively few timeshare owners are interested in paying to simply advertise and market their property. They learned that there may be those willing to pay one or two hundred dollars or so to do so, but fewer still are willing to pay thousands of dollars to simply place a listing of the consumer's timeshare interest on a company's website.

8. While timeshare owners may be generally reluctant to pay any significant amount to purchase advertising and marketing services, a very significant percentage of owners proved willing to pay substantial advanced fees for promised closings that supposedly were scheduled to occur in the near future. Moreover, while timeshare owners were found to be reluctant to pay more than a few hundred dollars for advertising and marketing services, timeshare resale telemarketers found that properly motivated sellers would be willing to pay even several thousand dollars if led to believe that the sale of the consumer's unit was both certain and imminent.

9. Individual telemarketers had a strong personal financial interest to motivate buyers through lies since the individual "opener" and "closer" pocketed about a third of whatever

amounts of money they could persuade an individual customer to pay. The amount the customer was asked to pay to CVS often was not the product of any formula but instead was often based upon an assessment by the individual telemarketer as to how desperate an individual customer was to unload their timeshare unit and what the telemarketer could motivate that customer to pay to do so.

10. Whatever the original intention of those who started this industry, CVS stayed in business by "pitching heat," an industry term which describes the sales practice by which a telemarketer will tell blatant lies to consumers in order to book a telemarketing sale and pocket a generous sales commission. "Pitching heat" was an accepted practice at CVS where managers created a sales environment in which pitching heat was not only tolerated but encouraged because franchise owners and managers received a substantial income from the fraudulent sales practices.

11. The established, proven and highly successful sales pitch that was used by CVS telemarketers contained material misrepresentations of fact and misleading statements to prospective customers, including the following:

A. CVS agents falsely represented that the company had received an offer on the customer's time share. This claim was sometimes embellished by individual telemarketers to include *multiple* offers on the property. In addition, many consumers were also told that the specific offer that had been received was a "binding" contract and that the purported purchaser "could not back out of it."

B. CVS agents falsely represented that a closing was scheduled on the property on a specific date thirty to ninety days hence.

C. CVS agents falsely represented that the fees were for deed and title searches, maintenance profiles, deed preparation, title transfer and for similar expenses.

12. In general, the closing date given to customers was made up by the telemarketer. The policy of CVS was that the made up closing date needed to be at least 60 to 90 days from the date of the call. The purpose of the delayed closing date was to postpone when customers would call their credit card companies or banks to complain that they had been defrauded, an inevitable result from their supposed "closing" dates having come and gone without the client receiving the sales proceeds check they had been promised. Delaying that inevitable reporting by the client was important to the success of the scheme, since customer complaints would almost certainly result in charge backs against the company's merchant account and thus jeopardize the ability of the company to process bank card transactions and get paid.

13. The representations made in the sales pitch used by CVS were false and fraudulent in that the offers on the consumer's property were a fantasy, the closing dates were totally make believe, and the purported purpose of the fees a pure invention by the telemarketer. The fees were not being used for closing costs, but were being purloined to enrich the telemarketers and their bosses and pay for the continuing expenses associated with the scam. Only a relatively small amount was going to the cost of listing the property on CVS's website, if indeed the consumer's property was even listed there.

14. After persuading a consumer to purchase CVS's services, the telemarketer would then complete an internal sales form with the owner's information, including information on the owner's timeshare interest and asking price, and then transfer the consumer to a "quality assurance" employee. The "quality assurance" employee would then place a telephone call to

the consumer and make a recording of that part of the call where the consumer gave their oral consent to a charge to the consumer's credit card, debit card, or ACH debit on the consumer's bank account. During the *unrecorded* portion of the call made to CVS customers, many consumers were read the following:

> First, I will be discussing with you our marketing practices and how we have gotten the offer on your unit and I'll also be discussing with you, *that although we do have an offer of $____*, we cannot legally attach one specific buyer to your unit until we have your free and clear deed and title as well as your signed contract and seller certification back in house. (Emphasis supplied)

15. This purported "quality assurance" script contained a blank for the telemarketer to insert a dollar amount for the purported "offer" that CVS had supposedly received on that consumer's timeshare. It was CVS's practice to fill in the offer amount with the consumer's *asking price* which had been just recorded by the telemarketer on the form given to the "quality assurance" employee. After telling the consumer that CVS had received an offer on the consumer's timeshare at least equal to their asking price, the"quality assurance" employee turned on the tape recorder and recorded an acknowledgment by the consumer that the bank card number and expiration date, or bank account information and routing code was correct and that the consumer had agreed to the transaction. The recorded part of the script contained an acknowledgment by the consumer that they were "authorizing" CVS to sell the unit for a particular "sale price," a more ambiguous statement that fell short of the representation that CVS had actually received an offer in the amount of the asking amount, a representation that had been previously made only moments before in the unrecorded part.

16. CVS customers were sometimes given a *range* of offers that buyers had supposedly made and which the company could "attach" to the customer's units. The range of

these supposed offers just happened to be near the asking price of the unit that the customer had just provided to the company's telemarketer.

17. After the customer paid the ostensible closing costs by bank card or ACH debit, CVS would send the customer a contract to sign. Rather than a contract for the sale of the property as had been promised, CVS's contract instead only obligated CVS to provide advertising and marketing services.

18. As CVS's unrecorded sales pitch, "quality assurance" procedures, and written contracts were constructed, CVS could claim that marketing and advertising was all that CVS had ever agreed to provide and that any impression that the consumer may have formed that CVS had a concrete offer for the customer's unit was a "misunderstanding" on the customer's part.

19. Despite collecting millions of dollars from consumers for timeshare resale services, CVS was not instrumental in selling a single timeshare. While occasionally desperate timeshare owners expressed interest in abandoning their timeshare interest because of recurring annual fees, and Kirk personally would purchase timeshare units at distressed fire sale prices, there were substantially no sales at or any where near the full asking price of the seller. CVS made no substantial effort to either market or advertise any customer's timeshare interest other than a simple listing on a website which was made at relatively nominal expense. CVS made little effort to promote its website and a listing on the website was of little practical value to its customers.

20. The sales practices of CVS were false and misleading and the business permeated with fraud in an industry pervaded by deceit.

21. Defendant utilized sales scripts that in the circumstances in which they were used created an appearance which was false and deceptive and calculated to induce a false belief as to the true facts.

22. In connection with the transactions described in this Information, Defendant engaged in a scheme involving deceit and trickery in order to gain an unfair and dishonest advantage over hundreds of victims located in the Southern District of Illinois and elsewhere throughout the United States, and Canada.

IV - Conspiracy
18 U.S.C. §1349

23. From on or about the 1st day of February. 2009 and continuing through approximately 30th day of September, 2009, in the counties of St. Clair, Madison, Clark, Marion, Pulaski, and Randolph Counties, within the Southern District of Illinois and elsewhere,

JOEL INTRAVAIA

together with Jennifer Kirk, J.F. and various managers and telemarketers of the Lake Worth I office of Creative Vacation Solutions, and others known and unknown, did knowingly and willfully combine, conspire, confederate and agree among themselves and each other to commit certain offenses against the United States as follows:

A. To devise a scheme and artifice to defraud and to obtain money and property by means of false pretenses, representations and promises, and for the purpose of executing the scheme, and attempting so to do, to knowingly cause to be sent and delivered by the United States Postal Service and by commercial interstate carrier, mail matter to and from

residents of the United States, including residents of the Southern District of Illinois, to and from the offices of CVS in the State of Florida, in violation of Title 18, United States Code, Section 1341.

B. To devise a scheme and artifice to defraud and to obtain money and property by means of false pretenses, for the purpose of executing the scheme, and attempting so to do, to knowingly cause to be transmitted by means of wire or radio communication in interstate and foreign commerce, interstate telephone calls, credit card transactions, electronic fund transfers, and signs and signals, to and from the offices of CVS in the State of Florida, in violation of Title 18, United States Code, Section 1343.

All in violation of Title 18, United States Code, Section 1349.

The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326(1).

STEPHEN R. WIGGINTON
United States Attorney

BRUCE E. REPPERT
Assistant United States Attorney