

## **St. Maarten and St. Martin / SXM Weekly News Special Edition**

Thursday, October 9, 2014

-----  
**Caravanserai Resort Special Edition: The Caravanserai Debacle**  
-----

© Copyright, JMB Communications, 2014. World rights reserved.  
You are receiving this newsletter because you subscribed to it. Unsubscribe information is at the end of this edition.

### **Contents:**

What Happened?  
The Cover Email  
The Attachment / Form to Sign  
What Does the Form Mean?  
Reactions from Timeshare Owners  
Reactions from The Island  
What's Happening on the Island Now  
Should You Sign The Form?  
Legal Alternatives  
Next  
*Please Help Us Continue To Help You*

### **What Happened?**

Apparently late last week, the new owners of the Caravanserai Resort, now called Alegria, decided to do a mailing to some portion of its timeshare owners. You will see the mailing below, but the bottom line is that the resort said all timeshare owner contracts were null and void, adding that if timeshare owners signed an enclosed form, they could have use of a hotel room at some point in the future were they to pay something equivalent to an annual maintenance fee.

As you'll see in the following sections, the mailing left more questions unanswered than answered. Both pieces of the mailing follow. We know many timeshare owners have yet to receive it. If you own at Caravanserai and have received nothing, sit down, keep calm, and carry on (seriously).

### **The Cover Email**

What follows is the text of the cover e-mail:

From: alegria operations <alegriaoperations@outlook.com>  
To: alegria operations <alegriaoperations@outlook.com>  
Sent: Sat, Oct 4, 2014 1:47 pm  
Subject: Timeshare Agreement status at THE CARAVANSERAI BEACH RESORT

Dear Timeshare owner,

Attached please find a letter that is intended to update you on the status as a timeshare owner at the Caravanserai Beach Resort.

Should you have any questions or comments, please contact us directly via this email

address or by telephone number 721-545-4000.

Sincerely,

The Management of  
Alegria Operations N.V.

### **The Attachment / Form to Sign**

You will find the attachment / form here:

[http://www.everythingsxm.com/sxmweeklynews/letter\\_and\\_agreement.pdf](http://www.everythingsxm.com/sxmweeklynews/letter_and_agreement.pdf)

We suggest you read the form before proceeding.

### **What Does the Form Mean?**

When the form says that your timeshare contracts are null and void, what exactly does it mean? Does it mean you own nothing and therefore have no right to use any room at Caravanserai when you next arrive? The form seems to imply that you can have a hotel room — but it fails to define what a hotel room is. When you call the telephone number in the cover e-mail — which may or may not be answered — you may be told that you will get your owned week, in your owned unit, when you arrive, if you pay a specified fee. There is a question about whether you get credit for having paid any fee in advance to the previous owner. And no one, to our knowledge, has received this in writing including a commitment from the new owners to allow timeshare owners to use the *exact* units they bought during the week they bought them.

To us, the form seems rather astoundingly vague. Timeshare owners, quite understandably, have expressed a combination of stress, anger, and astonishment that this is happening to them. Some have spent upwards of \$60,000 on timeshare units which they are now being told they don't own. Some lawyers on the island are saying that contracts can't be broken, but other equally knowledgeable people are saying that in this case the new owners of Alegria have a strong position.

So, the current situation is about as clear as mud. Put your boots on, here we go.

### **Reactions from Timeshare Owners**

Many timeshare owners invest in a single resort and in this case, upwards of 3000 people, from what we have been told, have invested in timesharing at Caravanserai, which we will now call by its new name, Alegria.

Needless to say, they aren't happy. Phone calls we made to the telephone number in the cover letter went unanswered. The phone rang and rang and there was no opportunity to leave a message, though we did e-mail the office and have received no reply by press time.

We had a number of questions just as timeshare owners do. If timeshare owners sign the form, what exactly happens and what do they get? Same question if they don't sign?

There are questions which would not be posed to the resort but rather should be posed to attorneys or government figures or both. The problem with attempting to contact government officials is that parliamentary elections were just held and that a new government is being

formed as you read this. Ministers may be named soon as may their portfolios (responsibilities), but the ministers currently in office really can't make commitments because they may be out of office in a matter of days. The ruling party is the UP party whose elected members must be vetted before being named to high positions in the new government. Bottom line, all of this is happening when government is changing and literally does not have time to catch its breath, let alone deal with a major crisis.

If you are an Alegria timeshare owner and you want to see a number of comments from timeshare owners, we are trying to gather together a statistically significant number of Caravanserai timeshare owners in one place, here:  
<https://www.facebook.com/Caravanseraitimeshare>

When you go there, you'll find a number of reactions from a number of other Caravanserai timeshare owners. Among the other reactions from timeshare owners are anger, bewilderment, confusion, etc.

### **Reactions from The Island**

Heads of other timeshare resorts, and owners of tourist-oriented businesses, are not happy about this development. Not only do they regard it as anticonsumer and unfair, but they also feel that it can permanently damage the island's image — especially because the island failed to enact any timeshare owner consumer protection legislation under the previous island administration. The incoming administration is very much consumer oriented and, it seems to us, is far more likely to aggressively pursue consumer protection for timeshare owners. It's long overdue and it is beyond critically needed.

For their part, politicians are up to their ears in the change in government, as we described above. They are clearly unhappy as well, but aren't in a position to do much until the new government is actually in place and functioning.

### **What's Happening on the Island Now**

We have been told that a meeting has been planned within the next few days between certain representatives of government, the timeshare industry, and people from Alegria to discuss this. Some of the people involved seem optimistic about the results. We have already heard indirectly from people at Alegria that what the company is actually offering is a right to use the weeks that were previously owned by Caravanserai timeshare owners for a set annual fee which is the equivalent of an annual maintenance fee. Supposedly, these would be the weeks that the timeshare owners had bought from the previous owner in the same units — but as far as we know, no one to whom this promise has been made has received it in writing, as noted above.

When we hear the results of this meeting, we will report them.

If the arrangement described above is indeed offered, it may/may not be acceptable to timeshare owners.

The offer would still eliminate ownership, the ability to sell, and the ability to trade. If you own at Caravanserai and you have arranged a trade already through RCI or any other company, it would be very wise for you to recheck with that company whether your trade is still valid.

In addition, if you are not a Caravanserai timeshare owner and have traded into Alegria

but have not yet gone, you should also check with the supplier of your reservation and probably with Alegria as well to ensure that your reservation is still valid.

### **Should You Sign The Form?**

We talked with a number of people on the island ever since this situation first occurred. We've always asked whether Caravanserai timeshare owners should sign the form from Alegria or ignore it.

Several people have told us that any legal papers signed under duress from St. Maarten are not valid — but whether this legally classifies as duress, we don't know.

Some people have suggested that rights go out the window unless the form has been signed. Others say the opposite. Since we are not attorneys we don't feel comfortable giving advice about whether to sign the form. You can certainly contact your own attorney, but realize that attorneys from the US or Canada are not licensed to practice law in St. Maarten and they don't know the law there, so their interpretations may well be a flip of the coin like anyone else's who is not an attorney on St. Maarten.

If we owned timesharing at the resort, we would contact the attorney mentioned in the next section and ask her what she feels we should do. We would also pay very close attention to what happens on the island in the next few days concerning the talks on the island with representatives from Alegria. Once those talks conclude, it may be that there is no further concern – or concern may be heightened; nobody knows.

The straight answer to the question is unequivocally perhaps... but truly, see the prior paragraph and the next section.

### **Legal Alternatives**

Monique Hofman is an attorney on St. Maarten with real credentials in the area of timesharing. A number of timeshare owners are already in touch with her and she is contemplating next legal steps. Here is her contact info:

Monique M. Hofman-Ruigrok  
Bermon Lawoffice & Legislative Services  
Frontstreet # 6, suite 3  
Philipsburg  
Sint Maarten  
Tel: 1-721-5425088 / 1-721-5425074 / 1-721-5437827 Fax: 1-721-5425087  
Email: [monique.hofman@bermon-law.com](mailto:monique.hofman@bermon-law.com)  
Website: [www.bermon-law.com](http://www.bermon-law.com)

As with any legal effort, there is no guarantee of success. In this situation, the current position of timeshare owners is not totally clear. If you do join this group make sure you are clear on precisely what you want to achieve. Do you want to continue to own your timeshare week? Do you want the ability to trade that week into other resorts? Do you want the ability to sell that week to someone else? Or do you simply want the right to use your unit in your selected week? Be sure you know what you want and communicate it clearly if you decide to contact any attorney. As noted above, Alegria is a St. Maarten business so if you want to deal with it from a St. Maarten perspective, you would have to use an attorney licensed to practice on the Dutch side of the island.

Lastly, a number of people have asked us whether in fact the Bank of Nova Scotia was aware of the timesharing transactions that have taken place over the last few years. All we'll say about that is

that the Bank of Nova Scotia is a highly capable institution that certainly must have done its due diligence and must have known what the business was when it agreed to supply a large loan. Also, since the Bank of Nova Scotia has been supervising the business for quite some time, we can't imagine it doing so without thoroughly understanding the resort's business operations.

**DISCLAIMER:** We are not attorneys and do not give legal advice. We are simply trying to communicate the current situation at Caravanserai in an effort to help timeshare owners know what they coping with and what some of their options may be. As is always the case, it's up to timeshare owners to decide on their own what they must decide on the basis of information they gather.

## Next

The next *SXM Weekly News* will appear early next week in its usual format. All further news will be in future editions of *SXM Weekly News*.

## Please Help Us Continue To Help You

For years, from our Massachusetts offices, we have stepped in to help tourists in St. Maarten / St. Martin in many ways.

We fought to prevent the Shore Pointe condominiums from taking over Cupecoy beach. As a result of efforts we spearheaded, the resort was forced to move its construction back on the beach by roughly 15 feet, which helped make the beach continuously available to beachgoers.

For many years we have advocated for timeshare owner consumer protection on the island and with the help of a number of you the outlook for something finally happening in the new administration has never been better.

Now, we are spending an enormous amount of time trying to help Caravanserai timeshare owners connect and respond to the challenges that lay before them.

Lastly, we helped a critically ill island figure raise the money he needed to get a medical evacuation jet home where he could get the care he needed.

This is not a request for donations. It is simply a request that you seriously consider joining JMB Website Supporters -- doing so will get you more than 200 island discounts and other benefits which can save you many times the small cost of membership. *At the same time, you'll be helping us continue to do everything we do for you.* We are grateful for your consideration.

Please visit [http://everythingxsm.com/sxm/about\\_sxm/paypal.shtml](http://everythingxsm.com/sxm/about_sxm/paypal.shtml) for more info or to sign up / renew / or reinstate your membership.

JMB Communications  
Post Office Box 1812  
Plymouth, MA 02362-1812

10/9/14