



May 15, 2013

**VIA FEDEX**

C. Lee Peeler, Esq.  
President, Chief Executive Officer  
National Advertising Review Council  
70 West 36<sup>th</sup> Street  
13<sup>th</sup> Floor  
New York, NY 10018

Robert W.G. Andrew  
President, Chief Executive Officer  
BBB of Alaska, Oregon & Western Washington  
1000 Station Drive, Ste. 222  
DuPont, WA 98327

Re: BBB's Rating of Resorts360 Vacation Club

Dear Mr. Peeler and Mr. Andrew:

I am writing to you on behalf of Truth in Advertising, Inc. ("TINA"), a nonprofit consumer advocacy organization dedicated to protecting consumers from deceptive advertising.

Since 2008, Washington-based company Resorts 360 Vacation Club, LLC (hereinafter "Resorts360" or "the company") has been operating a pyramid scheme in connection with the advertising, marketing, and sale of vacation club memberships. The company tells prospective participants that by purchasing one of its four expensive membership plans, they will receive travel discounts and, more importantly, an opportunity to earn a substantial income. However, the company's compensation program is based exclusively on providing payments to members for the recruitment of new participants, not on the retail sale of products or services.

The company makes a number of impressive and promising claims regarding the significant amount of money consumers can earn by becoming members of the

program.<sup>1</sup> The problem with those claims, however, is that they are deceptive. As the BBB is aware, pyramid schemes such as this are inherently injurious to consumers because, inevitably, they are doomed to collapse. That is because they would need an endless pool of new recruits to keep the scheme going, but in reality, the number of potential participants is limited. Therefore, each new level of participants has less chance of recruiting others and a greater chance of losing money. In other words, those at the bottom of the pyramid, which is the vast majority of the participants, lose money because there is no one below them. Resorts360 does not explain this to consumers.

In addition to this deception, Resorts360 states on its website that it “is proud to hold an ‘A’ rating with the BBB, which is the highest obtainable rating without becoming a paid BBB member.”<sup>2</sup> Presumably it does this in order to convey to consumers that it is an honest and trustworthy company. The problem is that Resorts360 does not appear to be either honest or trustworthy. Rather, it is deceiving consumers into believing that they can earn a significant income by enrolling with the company and purchasing one of its memberships. Allowing Resorts360 to tout its positive rating with the BBB only adds to this deception.

In light of the BBB’s commitment to sound advertising and creating a community of trustworthy businesses, we trust the BBB will re-evaluate its rating of Resorts360 and do whatever else is necessary to dispel the notion that the BBB fully supports Resorts360’s business practices.

If you have any questions or would like additional information, please do not hesitate to contact me.

Sincerely,



Laura Smith, Esq.  
Legal Director  
Truth in Advertising, Inc.

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<sup>1</sup> See, e.g., Resorts360’s Progressive Leverage Compensation Overview page, available at [www.myresorts360.net/overview\\_comp.asp](http://www.myresorts360.net/overview_comp.asp) (Exhibit 1) and Resorts360’s Business Overview video, available at [www.myresorts360.com/discover.asp](http://www.myresorts360.com/discover.asp), under the “Recorded Presentation” tab (Exhibit 2).

<sup>2</sup> See <http://www.myresorts360.com/faqs2.asp> (Exhibit 3). The BBB’s website states that, though the company is not BBB accredited, it has an “A-” rating. See <http://www.bbb.org/western-washington/business-reviews/travel-agencies-and-bureaus/resorts360-in-yelm-wa-22540088> (Exhibit 4).

A handwritten signature in blue ink, appearing to read 'B-Patten'.

Bonnie Patten, Esq.  
Executive Director  
Truth in Advertising, Inc.