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Vacation Rental Home Management Company Closes, Suspected of Defrauding Owners

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DAVENPORT -- A local property management company that has specialized in handling vacation homes owned by out-of-state and overseas investors has closed and is being investigated by local and state authorities for the way it has done business.

Yvonne's Property Management Inc. on Waverley Barn Road in Davenport, shut its offices Aug. 24 and in so doing "dumped on 225 vacation homeowners," according to Peter Stanhope, president of the Florida Brits Club, an association of people in England who own homes in the Sunshine State.

Stanhope contacted The Reporter by e-mail shortly after Yvonne's closed its business. He charged the management company had been operating for years and charging homeowners a membership fee of \$5,000 as well as management fees and charges without living up their guarantees of rental incomes of up to \$40,000 per year.

"Yes, they may have rented the owners' properties but they didn't hand over the rental incomes," Stanhope wrote in the e-mail.

The company is owned by Yvonne and Walter Bernstein, whom The Reporter found cleaning out their offices Aug. 31.

"Yvonne's is no more, we're out of business," is all Yvonne Bernstein would say when asked about the Stanhope's accusations.

"No comment," Walter Bernstein said. "We're not talking about any of that."

A spokesman for the Polk County Sheriff's Office confirmed that detectives are investigating the management company but would give no details.



Although finding insurance for vacation properties does not seem to be a problem, rising insurance rates are affecting short-term rental businesses like Vacation Village in Clermont. (LINDA CHARLTON/The Reporter)

And Terry Bergum of the State Attorney's Office in Bartow said the county tax collectors office and the Lakeland FDLE office are jointly looking into the company's business practices.

Bergum added that several agencies are involved because the case involves homes in several Florida counties.

An investigator for the county tax collector confirmed that Yvonne had a tax account with the county but would not comment on any possible investigations.

Many of the investment homeowners who signed contracts with Yvonne are British residents and have had a difficult time dealing with the company from long distance.

One of those who felt he was defrauded by the Bernsteins is John Lutton of London. In an e-mail to The Reporter, Lutton said: "I was hoodwinked by their two-year rental guarantee, not aware of some small print in the contract, which could be interpreted as meaning they didn't need to pay-out on the guarantee till the end of the two-year period, though it did say quite clearly that I was guaranteed \$25,000 per year rental income."

Lutton went on to explain, since he signed the contract in November 2005, he has received no rental proceeds from the company even though he has asked repeatedly for \$3,500 in rental incomes that is in the account he has with Yvonne.

And he enumerated other charges against them.

"They also ruined my lawn through neglect and caused me an exorbitant water bill through not controlling my irrigation properly," he said. "Total cost of this was \$3,000."

Part of the up-front money, he said, was supposed to be for maintaining the property.

Lutton estimated he is out \$12,500 as well as the \$50,000 he was promised in rental income over the length of the two-year contract.

"Besides all this," he added, "I'm out a small fortune in transAtlantic phone calls trying to contact them over various issues as they rarely answered e-mails and never returned voicemail messages."

Michael Eckersley, owner of Sunsplash Vacation Homes, a management company on Ronald Reagan Parkway that handles vacation rental properties for many British owners, said Yvonne has been operating in a questionable manner for years.

"In Polk County there are 7,808 homes that need 177 property management companies," he said. "You're bound to get a bad apple in there somewhere."

Eckersley said the whole idea of homeowners having to pay \$5,000 up front to guarantee rentals in advance is a questionable practice.

"I don't even have a contract with my people," he said. "If they don't like what I'm doing they can get rid of me."

David Hayes is the president of Hayes Vacation Homes, a property management company in Kissimmee.

"It is not unique," he said of the kind of underhanded operation Yvonne is accused of running. "It is not the first time it has happened."

Eckersley and Hayes -- and many others in the business -- belong to the Property Management Association, a trade organization that tries to regulate the industry through a set of rules and ethics.

"People need to do their homework," Hayes said. "They need to know who they're doing business with."

He explained that Yvonne had tried to join the Property Management Association but was turned down.

"They couldn't satisfy the association that they were acting ethically," Hayes said.