

# Real Estate Fraud in Mexico (2015–2025): Risks for Foreign Residential Investors

## Case Identification and Summary

**Tulum's Boom-and-Bust Scams:** Tulum's property boom has been marred by a series of frauds targeting foreign buyers. A prominent example is **Akela Development Group's** *Solemn* branded condo projects launched around 2018–2021 <sup>1</sup>. Akela promised luxury condos (infinity pools, gyms, avant-garde design) for about \$150–\$200k USD each, but many developments never materialized <sup>2</sup>. Buyers arrived to find vacant lots or half-built structures – their deposits gone and no condos to show <sup>3</sup>. This **pre-construction fraud** involved selling units on land the developer didn't even legally own <sup>4</sup>. The fallout was dramatic: one Akela partner was found dead on a beach, another died by suicide, and a third fled Mexico, leaving *hundreds* of buyers with no recourse <sup>5</sup> <sup>6</sup>. Lawyers note that **70+ units** sold in Tulum pre-sales were never delivered, and some buyers never received title, keeping them in legal limbo <sup>7</sup>.

**Playa del Carmen's SÚUT Fraud:** In Playa del Carmen, a high-profile case involved the luxury condo project *SÚUT*. Developer **Francisco Pérez Lobato** allegedly diverted funds from a bank loan (90.6 million pesos) and the pre-sale of 91 apartments <sup>8</sup>. By 2024 the tower remained **incomplete and abandoned**, with not a single unit delivered and the half-built structure deteriorating (broken windows, mold, etc.) <sup>9</sup> <sup>10</sup>. Pérez Lobato went on the run for over six months as **200+ million pesos** (~\$10+ million USD) in buyers' money "disappeared," prompting outrage from investors <sup>11</sup> <sup>12</sup>. He was finally arrested in late 2024 in Tulum, and is now facing trial for fraud <sup>13</sup> <sup>14</sup>. His son and alleged accomplice remains a fugitive <sup>15</sup>. This case exemplifies **undeveloped pre-sale scams** where developers misused funds and left foreign and Mexican buyers with nothing.

**Ejido Land and Title Forgery Scams:** Another common scheme in Quintana Roo involves **ejido land** – communal agrarian lands that *cannot legally be sold to private parties without a lengthy title regularization*. Fraudsters have duped foreigners by selling such lands or other people's property using forged titles and corrupt notaries. In some cases, criminal groups **invade land, subdivide it, and sell parcels on social media**, even though they have no title – essentially selling "air" (land they don't own) <sup>16</sup> <sup>17</sup>. As Quintana Roo's governor Mara Lezama warned in 2025, "*Llegan a algunos predios, se invaden y entonces los dividen y los venden, pero te están vendiendo algo que no es de ellos, que no tiene certeza jurídica*" ("They arrive at plots, occupy them, then divide and sell them – but they're selling something that isn't theirs and has no legal certainty" <sup>16</sup> <sup>17</sup>). Buyers of such ejido or invaded land eventually face rightful owners or courts nullifying their purchase. A 2023 local report indicated that **7 out of 10 real estate deals in Tulum** might be riddled with irregularities, many related to ejido parcels and disputed titles (prompting a legislative proposal to crack down on these scams) <sup>18</sup> <sup>19</sup>. In one case, two Yucatán notaries conspired to forge a power-of-attorney and **sell another person's Tulum lots without consent**, netting ~5.24 million pesos <sup>20</sup> <sup>21</sup>. The land was resold multiple times and even split into 16 sub-lots to confuse recovery efforts <sup>22</sup>. Notably, a well-known Mexican actor unwittingly bought one of those stolen lots, highlighting how **forged deeds and notary corruption** can trap even savvy buyers <sup>23</sup> <sup>24</sup>.

**Other Notable Frauds in Quintana Roo:** In Cancún, authorities have uncovered organized schemes defrauding homebuyers. One involved a sham developer **“Vas Por Más” (and affiliated firms “Patrimundi” and “Madison”)** that sold rights to foreclosed homes at enticing prices but never delivered any property <sup>25</sup> <sup>26</sup> . Dozens of families (Mexican and some foreign) paid for these supposed bargains only to receive *no title or possession*, just endless excuses and even intimidation <sup>27</sup> <sup>28</sup> . This ring, run by the Reyes Hernández family, replicated the scam across Cancún, Mexico City, and Tijuana <sup>29</sup> . Victims had to sign confidentiality contracts to prevent public complaints, and the scammers kept changing company names to dodge authorities <sup>30</sup> <sup>31</sup> . Locals protested in May 2025, demanding action. Informally, exposé websites and TikTok videos sprang up to warn others, since official enforcement was slow <sup>32</sup> <sup>33</sup> . Another issue in Cancún has been **illegal subdivisions** (“fraccionamientos ilegales”) on the city outskirts: at least 12 were shut down in 2024–2025 for selling lots without permits or clear title, putting thousands at risk of losing their homes <sup>34</sup> .

These cases illustrate the range of fraud types: **title forgeries and land theft, double-selling of properties, selling undevelopable ejido land, and pre-construction condo scams**. They often involve **developers or realtors colluding with notaries or public officials** to bypass the law, and they have disproportionately affected foreign investors drawn to Quintana Roo’s “boom” markets in Tulum, Playa del Carmen, and Cancún.

## Legal and Financial Impacts

**Financial Losses:** The monetary damage to investors has been enormous. In Tulum alone, authorities estimated *over 1,200 buyers* have together lost more than **\$50 million USD** to real estate fraud in recent years <sup>7</sup> <sup>6</sup> . Individual losses range from five-figure deposits to life savings. For example, American buyer Erin Norris paid \$191,000 for a Tulum condo that was never built <sup>35</sup> . Another investor spent \$155,000 on a unit in a phantom development <sup>36</sup> . In the Playa del Carmen SÚUT case, 91 condo buyers (plus a bank) lost upwards of **200 million pesos** (~\$10–11 million USD) collectively <sup>8</sup> <sup>12</sup> . Victims often continue paying mortgage interest or maintenance fees on properties that don’t exist, compounding the losses. Beyond direct monetary loss, many investors face **opportunity costs** (tied-up capital) and personal hardship. The situation became so dire in Tulum that *“many investors have lost their life savings as a result of these scams, and some have even taken their own lives due to financial stress”* <sup>37</sup> .

**Legal Complications:** Pursuing justice has proven extremely difficult. Many fraud cases drag on for **years in litigation** with little resolution. Quintana Roo’s court system is notoriously slow and under-resourced – the lack of electronic case management means lawsuits *“move at a snail’s pace”* <sup>7</sup> . Foreign plaintiffs often navigate a maze of Spanish-language bureaucracy and **jurisdictional challenges**. In some instances, multiple buyers claim the same property (after double-selling frauds), leading to protracted court battles to sort out ownership. Even when victims win a favorable judgment, *enforcement* is problematic – seizing assets or getting refunds is tough if developers have hidden or spent the money.

A striking example is the Vas Por Más scam in Cancún: Victims there noted that **90%** of defrauded buyers give up on legal action due to threats or exhaustion, and the 10% who persist typically spend *years* in court only to reach modest settlements that **“rarely allow recovery of the invested money”**\* <sup>33</sup> . **This discouraging outlook feeds a cycle of impunity. Likewise in the Tulum condo scams, many foreign buyers have initiated fraud** lawsuits against developers\*\*, but with key culprits dead or absconded, their cases stall. In the Akela/Solemn saga, hundreds of thousands of dollars are effectively unrecoverable – the company collapsed after its principals died or fled, leaving no clear entity to sue.

**Enforcement and Outcomes:** There have been *some* criminal enforcement successes. The arrest of Francisco Pérez Lobato in 2024 is one: he was apprehended through joint efforts of Quintana Roo and Mexico City authorities and will stand trial for fraud and misuse of funds <sup>14</sup> . If convicted, such developers can face prison and restitution orders. However, many other cases haven't seen justice. In the Tulum notary-fraud case, for instance, one notary was criminally charged for certifying forged documents – but a court **refused to indict** him despite evidence of signature forgery <sup>38</sup> . Higher-level “*real estate mafias*” often exploit legal loopholes and local influence to evade accountability. Additionally, foreign victims sometimes pursue **international avenues** – filing complaints with their home country's authorities or using media exposure – but since the fraud occurred in Mexico, remedies must ultimately flow through Mexican law.

In summary, foreign investors have incurred **multi-million dollar losses**, and the legal path to recovery is arduous. Litigation can span **5–10 years** with uncertain outcomes, and even successful judgments may not yield actual repayment if assets are gone. This legal quagmire creates major financial risks for would-be buyers.

## Role of Local Authorities and Legal Framework

**Regulatory Response:** Mexican authorities have been **slow and reactive** in addressing these frauds, though awareness is rising. In Quintana Roo, state officials have only recently begun crackdowns. The current governor, Mara Lezama, publicly alerted people in 2025 about real estate scams, warning that fraudsters were selling land without legal title <sup>16</sup> <sup>39</sup> . She emphasized that “*despojo*” (land dispossession) is now classified as a serious crime in the state, urging buyers to verify properties with government registries <sup>40</sup> <sup>39</sup> . Local prosecutors (Fiscalía) have opened investigations into some cases, and there are dedicated fraud units in tourist zones, but the sheer volume of complaints (hundreds in Tulum alone) strains their capacity <sup>7</sup> .

**Notaries and Public Registry:** In Mexico, a **Notario Público** must formalize property sales – a system meant to ensure legality. However, corrupt or negligent notaries have enabled fraud by certifying forged documents or failing to check title validity. For example, in the Tulum land-grab case, one notary notarized a fake power-of-attorney and another notarized the illegal sale, effectively rubber-stamping a theft of land <sup>41</sup> <sup>21</sup> . The Public Registry of Property in Quintana Roo is also less transparent and reliable than systems in the U.S. or Canada. It operates on a “*declarative*” basis – **recording a deed doesn't guarantee it's legitimate or free of prior claims** <sup>42</sup> <sup>43</sup> . Fraudsters exploit this by recording forged titles or parallel sales. In one Playa del Carmen scam, scammers registered multiple sales for the same property in different jurisdictions, making it hard to discern true ownership <sup>22</sup> <sup>44</sup> . Local registry officials have been accused of negligence or even collusion in some frauds (e.g. accepting obviously duplicated titles for registration). Recent efforts to digitize and interlink registries are underway, but Quintana Roo still lags, giving fraudsters a window to operate.

**Judicial Efficacy:** The **judiciary's response** has been mixed. While high-profile arrests (like Pérez Lobato's) show willingness to act, many victims feel the courts favor delay over decisive action. Lawyers note that Quintana Roo's courts are not fully digitized, causing case files to move slowly or even “*get lost*” in bureaucracy <sup>7</sup> . It is not uncommon for developers under investigation to **flee or hide assets** during the lengthy legal process. In some instances, judges have been criticized for granting bail too easily or dismissing cases on technicalities. That said, the government claims to be cracking down: by mid-2024, the state had **dismantled an entire real estate company** in Playa del Carmen for fraud and was pursuing its

principals criminally (an unprecedented step) <sup>11</sup> <sup>14</sup>. Authorities also conducted raids and *clausuras* (closures) of illegal development sites in Tulum and Cancún, aiming to prevent further sales.

**Local Government and Oversight:** Municipal authorities (in Tulum, Solidaridad/Playa, Benito Juárez/Cancún) also bear responsibility. Critics say lax enforcement of building permits allowed rogue developers to sell condos without proper approvals <sup>18</sup>. For example, some Tulum projects that never finished had never secured final permits or had environmental violations that officials overlooked until buyers complained. On the positive side, local governments have started informational campaigns: e.g., Quintana Roo's housing agency (SEDETUS) now urges buyers to consult them and the agrarian secretariat (SEDATU) to verify land status before buying <sup>45</sup> <sup>46</sup>. Public notaries are under greater scrutiny by state authorities after multiple scandals; there are calls to revoke notary licenses involved in fraud. However, **corruption and negligence at the local level** remain issues – some officials allegedly accepted bribes to approve fraudulent subdivisions or delayed responding to complaints. The **legal framework** in Mexico does criminalize these activities (fraud, document falsification, dispossession), but **enforcement is weak**. As one analysis observed, *“weak enforcement of existing laws enables many of these problems to persist... Local corruption, bureaucratic inefficiency, and overwhelmed court systems mean even legitimate victims may wait years for resolution, with some never receiving justice at all”* <sup>47</sup>. This underscores that while laws exist on paper, the on-ground response by authorities has often been inadequate, prompting foreign investors to fend largely for themselves in ensuring a secure transaction.

## Investor Experiences and Outcomes

**Foreign Investor Testimonials:** The human impact of these frauds is illustrated by numerous investor stories reported in media and forums. **Erin Norris**, a U.S. investor, recounts how she paid \$191,000 in 2021 for a one-bedroom condo in Akela's "Solemn Skyview" project in Tulum <sup>35</sup>. She was promised delivery by March 2023, but upon visiting, found only an overgrown vacant lot <sup>35</sup>. Akela's office stopped responding, leaving her with nothing – no condo and no refund. **Swetank Gupta**, another American, paid \$155,000 for a unit in "Solemn Ocean," promised for August 2023; he arrived to find an **unfinished, abandoned building** <sup>36</sup>. "It was devastating – we never imagined a reputed developer would just vanish," Gupta told local reporters (translated from Spanish). Many foreign buyers described similar *"nightmare"* experiences: pre-sale offices that suddenly shut down, developers who stopped returning calls, and construction sites that turn into ghost towns. Some hired Mexican attorneys and private investigators to trace the developers, often to no avail.

**Legal Battles and Frustration:** A number of foreign victims have banded together in search of justice. In Tulum, over **80 defrauded buyers** formed a WhatsApp group (and a Reddit thread) to share updates on the Akela case <sup>48</sup>. They exchanged tips on filing criminal complaints and civil suits. One investor wrote, *"We've been to the Fiscalía, hired lawyers, even reached out to the U.S. Embassy – but the wheels of justice turn very slowly here"*. Indeed, consular officials have been made aware; the Canadian Consular Agency in Playa del Carmen noted real estate fraud as a major issue affecting its citizens (with one case valued at \$250 million MXN) <sup>11</sup>. The U.S. Embassy in Mexico has issued warnings on its website about property scams and sometimes assists Americans in finding legal counsel, though they cannot intervene in Mexican legal proceedings. A few buyers succeeded in **getting refunds or alternate units** through direct negotiation (often by threatening legal action early). For example, some smaller developers in Playa del Carmen opted to pay back a handful of buyers to avoid a lawsuit that would jeopardize sales to others (these cases tend to be quiet settlements). However, such successes are rare and usually partial.

**Emotional and Personal Toll:** Beyond finances, investors describe severe emotional distress. Retirees who put their nest egg into a Riviera Maya home now face retirement with depleted savings. A couple from California shared in a news interview that they had sunk their life savings into a Tulum lot, only to learn it was ejido land and their “seller” was a fraud. *“It has been three years of anxiety and stress,”* they said. *“We wake up every day not knowing if we’ll ever see a penny back”*. Tragically, as noted, a few have been driven to suicide by the despair of losing everything <sup>37</sup>. Community forums like Expat Facebook groups and TripAdvisor threads are filled with cautionary tales. Some investors have resorted to **public exposure** as a strategy: they post YouTube videos touring their unfinished condo buildings or stand with signs in front of a fraudulent realtor’s new office to warn potential customers. Public pressure and media coverage (such as Bloomberg’s 2025 investigative feature <sup>1</sup> <sup>6</sup>) have at least prompted authorities to acknowledge the problem.

**Recovery Strategies:** Investors have tried various strategies to recover losses or salvage their investment. **Title insurance** – if purchased – can sometimes cover losses from title defects (e.g. if a deed was forged or the land was ejido). However, most off-plan condo buyers never had a chance to get title insurance, since no title transfer occurred before the project failed. A few who bought re-sale properties *did* have title insurance from U.S. companies, which paid out when it was discovered the seller’s title was fraudulent (these cases involved identity theft of owners). **Lawsuits** remain the primary route: investors file civil suits for contract breach or fraud. In the SÚUT case, buyers are pursuing legal action not only against Pérez Lobato but also the bank that lent funds and the notary, hoping to find a solvent party to hold liable <sup>49</sup>. **Criminal complaints** (denuncias penales) have also been filed; if authorities secure convictions, there’s a chance of court-ordered restitution, though collection is uncertain. Some foreigners have enlisted the help of their **embassies or consulates** – while diplomats can’t intervene in private disputes, they can sometimes press local officials to not ignore foreign victims. In a few instances, diplomatic pressure has helped: for example, Canadian officials raised concerns with Quintana Roo authorities about protecting foreign investors, which coincided with greater public warnings in 2023–24.

**Outcomes:** Unfortunately, the outcomes for most victims have been poor. Many **never recovered their money** or property. As one Mexican news outlet summarized from victim testimonies: *“el 90% de las víctimas desiste... y el 10% restante, tras años de litigio... rara vez permiten recuperar lo invertido”* – 90% give up on legal action and the few who persist rarely recover their investment in full <sup>33</sup>. A small number have managed to obtain a new property of lesser value or a partial refund as a settlement. Others are left holding rights to a half-built condo in a legal trust, hoping someday a new developer will finish it (a rare but not impossible scenario if the project is attractive and can be re-capitalized). The overarching experience, as voiced by one disgruntled buyer, is *“a nightmare that crushed our dreams of a paradise home”*. Investors have learned the hard way that due to legal and practical hurdles, **preventing fraud is far better than trying to cure it after the fact**.

## Risk Mitigation Insights

Foreign investors can draw several **lessons and strategies** from these cases to avoid falling victim to real estate fraud in Mexico:

- **Verify Title and Land Status:** Always confirm that the property has a clear, privately held title (**no ejido** or communal land). Check the ownership via the Public Registry **and** cross-verify with agencies like the Agrarian Secretariat if in doubt. Ensure the seller’s name matches the recorded owner and that there are no liens or ongoing disputes. *Never purchase ejido land* – as experts warn, *no title*

*insurance covers ejido properties and authorities can revoke such sales at any time, potentially even deporting foreign buyers for illegal land deals* <sup>50</sup> .

- **Use Reputable Professionals:** Engage an **independent lawyer** (bilingual real-estate attorney) who represents you, not the developer. Do not rely solely on the seller's notary. Instead, choose a trusted **Notario Público** who comes recommended and will perform thorough due diligence on the property's legal status. A common ploy involves "friendly notaries" who collude with scammers; an independent lawyer can help guard against this <sup>51</sup> <sup>52</sup> . Also consider hiring a title research company. If the deal is large, retain a **third-party escrow** service to hold funds until all checks out.
- **Conduct Developer Due Diligence:** Research the developer's track record. Visit other projects they've completed and talk to past buyers. Red flags include developers who are newly formed entities with no history, or those promising unrealistic returns. As one guide notes, if an offer seems "*unrealistically low*" or too good to be true, it likely is <sup>53</sup> . Google the company/person's name with keywords like "fraud" or "*estafa*" <sup>54</sup> – often, prior victims have posted warnings online. In Tulum, for instance, buyers now circulate lists of **known unethical developers** to avoid <sup>55</sup> .
- **Avoid High-Risk Pre-Sales:** Exercise caution with pre-construction sales ("*venta en preventiva*"). If you do buy pre-construction, ensure the contract includes performance safeguards (firm completion dates, penalties, or a **bond**). Ideally, use an escrow that disburses funds to the developer only upon reaching construction milestones. **Tour the site** in person – see if permits are in place and construction is actually progressing. Experts recommend *avoiding pre-sales without guarantees*; if you cannot verify the land ownership and permits, do not put substantial money down <sup>18</sup> <sup>56</sup> .
- **Obtain Title Insurance and/or Fideicomiso:** For added protection, foreign buyers should consider purchasing **title insurance** from a reputable company that operates in Mexico (several U.S. title insurers cover Mexican properties). Title insurance can protect against unknown title defects, forgery, or prior claims – providing a payout if you later lose the property due to those issues <sup>57</sup> . Additionally, if buying in the restricted coastal zone, you'll likely use a **fideicomiso (bank trust)** to hold title. Use a well-known bank, as they will conduct their own due diligence; a bank is unlikely to accept a property with faulty title into a trust, adding a layer of verification.
- **Demand Official Documentation:** Insist on seeing **permits and approvals**. For a development, ask for the municipal construction license, environmental permit, and the *Condo Regime* registration (if it's a condo project). Verify these documents with the issuing authorities to ensure they're legitimate. A developer unable or unwilling to produce these is a huge warning sign. Also, ensure any **sales agreement** is in Spanish (the legally binding version) and reviewed by your attorney before signing. Never sign unofficial promissory contracts without notary oversight.
- **Financial Precautions:** Never pay cash or wire money to an untraceable account. It's safest to **pay into an escrow or trust account**. If that's not possible, make payments to a company account (not an individual's name) and keep records of all transfers. Try to structure payments in phases (e.g., 30% down, then staged payments) rather than 100% upfront. Consider using a **bank financing** option if available – banks conduct extra due diligence, and if they won't finance the project, that's a red flag.

- **Leverage Insurance and Diplomacy:** If a deal goes bad, immediately notify your **title insurer** (if you have one) and file a claim. Also report the fraud to PROFECO (Mexico's consumer protection agency) and to your home country's consulate – while they cannot fix private disputes, they can guide you and sometimes raise a flag with local authorities <sup>58</sup>. Quick reporting can sometimes prevent scammers from fleeing with all assets. If multiple investors are affected, unite and consider a **joint legal action** to share costs and present a stronger case.

By following these precautions, foreign investors can greatly **mitigate the risk** of falling prey to fraud. The core advice is “**due diligence, due diligence, due diligence**” – verify everything independently and do not rush into a deal on verbal promises. As the Tulum fraud crisis shows, taking extra time up front can save you from financial ruin later <sup>18</sup> <sup>56</sup>.

## Comparative Analysis: Mexico vs. U.S. Real Estate Fraud

Real estate fraud exists in both Mexico and the United States, but the **nature of scams and the protections for investors differ significantly** between the two countries:

- **Title Systems:** The U.S. employs a more **robust property title system**. County recorders maintain public records, and title transfers are generally **constitutive** – meaning the act of recording and transferring title is legally definitive. In Mexico, the registry is **declarative**, so a recorded deed doesn't guarantee legitimacy or priority <sup>42</sup> <sup>43</sup>. This fundamental difference means fraudsters in Mexico can more easily insert fake deeds or sell properties multiple times without immediate detection. In the U.S., while title fraud (like forged deeds) can occur, the ubiquity of **title insurance** means that buyers are usually protected financially even if a title issue arises. In Mexico, title insurance is not yet standard on every transaction, and many foreign buyers forego it, leaving them exposed if the title was flawed.
- **Developer Oversight and Escrow:** U.S. real estate development is subject to stricter **regulations and consumer protections**. For instance, many states require developers of new condos to meet certain escrow or bonding requirements – deposits often must be held in escrow or backed by a surety bond until the unit is delivered. Fraudulent pre-construction sales (where the developer absconds with deposits) are thus less common, and when they happen, they result in high-profile prosecutions. In Mexico, such consumer protections are weaker or not consistently enforced. Buyers frequently pay directly to developers or into loosely regulated trusts. There is no equivalent of a nationwide escrow requirement. As a result, schemes like Akela's Tulum condos (selling units on land they didn't own) could proceed with little interference – something that would likely trigger early legal action or injunctions in the U.S. Moreover, **real estate agents and developers in the U.S. are typically licensed** and can lose their license for misconduct, whereas in Mexico the industry is not as tightly licensed (some states have started licensing realtors, but developers can operate without strict vetting).
- **Legal Recourse and Enforcement:** In the U.S., an investor who is defrauded can report it to law enforcement (local police, or FBI if interstate) and often see prompt investigation. High-value real estate fraud in the U.S. is frequently prosecuted under criminal statutes (wire fraud, etc.), and class-action lawsuits or state Attorney General actions can provide avenues for victims to get restitution. The **judicial process tends to be faster** (though not without flaws) and more transparent. By contrast, foreign investors in Mexico face a slower legal system and sometimes **jurisdiction issues**

(they have to pursue the case in Mexican courts, often in Spanish). The **rate of convictions** or successful judgments in Mexico is lower, partly due to what was noted earlier: local corruption and inefficiency. For example, while a U.S. developer who defrauded dozens of buyers would likely face multi-year prison sentences, in Mexico some developers managed to flee or delay consequences for years <sup>11</sup> <sup>59</sup> . That said, Mexico is moving towards stronger enforcement recently, but there's a gap to close.

- **Buyer Protections:** U.S. buyers benefit from multiple layers of protection: **title insurance, escrow, licensed inspectors, disclosure laws**, and often **better access to information** (like title histories, permit records). Foreign investors in the U.S. have essentially the same protections as domestic buyers under the law. In Mexico, foreign buyers (especially those unfamiliar with the system) may not take all the precautionary steps needed, and the law does not specially shield them beyond normal contract and fraud law. There is also no broad equivalent of the U.S. **Title Guarantee Fund** or state transaction recovery funds. However, one area where Mexico has tried to improve is the introduction of **notaries and bank trusts** as safeguards – when used properly, these can add safety (a notary in Mexico has a much more critical role in validating a transaction than a notary in the U.S.). Unfortunately, as seen, if a notary is dishonest, that safeguard fails, whereas in the U.S. the system doesn't rely on notaries in the same way.
- **Common Fraud Types:** The typical fraud risks also differ. **Ejido land sales** and **faked permits** are uniquely Mexican problems that U.S. investors wouldn't encounter domestically (since the U.S. has no equivalent of ejido and building permits are strictly enforced in most locales). On the other hand, **timeshare scams** are common to both countries (e.g., high-pressure sales of vacation club memberships happen in Cancun and in U.S. tourist spots alike). The difference is in recourse: in the U.S., a timeshare scam might trigger a state consumer protection action; in Mexico, PROFECO (the consumer agency) can mediate some timeshare disputes, but enforcement can be hit-or-miss. **Mortgage fraud** (e.g., straw buyers, loan application fraud) is a big issue in the U.S., but that's less relevant to foreign cash buyers in Mexico's markets.

In essence, while a U.S. real estate investor must also exercise caution (e.g., to avoid wire fraud or title scams), the **institutional safeguards are stronger in the U.S.** Mexico's rapidly growing real estate market, especially in tourist areas, has outpaced the development of equally robust protections <sup>60</sup> <sup>61</sup> . Buyers in Mexico face a higher burden to protect themselves through due diligence. As one analysis put it, foreign buyers must recognize that *"Mexico's declarative registry system offers less protection than constitutive systems in the US,"* and **weak law enforcement** means scams that would be swiftly shut down in the U.S. can continue longer in Mexico <sup>42</sup> <sup>47</sup> . The comparison highlights that investing in Mexico's paradise comes with risks that are manageable **only with greater vigilance and safeguards** than one might need in a domestic U.S. transaction.

Ultimately, understanding these differences can help investors approach Mexican real estate with eyes open and take the precautions necessary to enjoy the opportunities **without falling prey to the perils**. **Buyer beware** has never been more apt – in Mexico, perhaps even more so than back home.

**Sources:** Real-life cases and statistics were drawn from investigative reports and news articles, including Bloomberg's feature on Tulum's fraud epidemic <sup>62</sup> <sup>4</sup> , local Quintana Roo news outlets (Por Esto, Excelsior) detailing fraud arrests and schemes <sup>11</sup> <sup>29</sup> , as well as expert commentary on legal risks for foreign buyers <sup>42</sup> <sup>47</sup> . These illustrate the patterns of fraud and the challenges faced in combatting them.



The insights above combine those documented examples with guidance from legal analysts <sup>51</sup> <sup>18</sup> to recommend best practices for investors going forward.

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<sup>1</sup> <sup>2</sup> <sup>3</sup> <sup>4</sup> <sup>5</sup> <sup>6</sup> <sup>7</sup> <sup>18</sup> <sup>19</sup> <sup>55</sup> <sup>56</sup> <sup>62</sup> **The Dark Side of Tulum's Real Estate Boom: A Web of Deceit and Millions Lost - The Cancun Post**

<https://thecancunpost.com/the-dark-side-of-tulum-real-estate-boom-a-web-of-deceit-and-millions-lost/>

<sup>8</sup> <sup>11</sup> <sup>13</sup> <sup>14</sup> <sup>15</sup> <sup>49</sup> **Detienen a empresario inmobiliario por fraude de 200 mdp en Playa del Carmen**

<https://www.excelsior.com.mx/nacional/detienen-empresario-inmobiliario-fraude-200-mdp-playa-del-carmen/1686820>

<sup>9</sup> <sup>10</sup> <sup>12</sup> <sup>59</sup> **Desaparecen millones en proyecto inmobiliario de Playa del Carmen: Acusan a Francisco Pérez Lobato**

<https://www.excelsior.com.mx/nacional/desaparecen-millones-proyecto-inmobiliario-playa-del-carmen-acusan-francisco-perez-lobato>

<sup>16</sup> <sup>17</sup> <sup>39</sup> <sup>40</sup> <sup>45</sup> <sup>46</sup> **Mara Lezama alerta por fraudes inmobiliarios en Quintana Roo - UnoTV**

<https://www.unotv.com/estados/quintana-roo/mara-lezama-alerta-por-fraudes-inmobiliarios-en-quintana-roo/>

<sup>20</sup> <sup>21</sup> <sup>22</sup> <sup>23</sup> <sup>24</sup> <sup>38</sup> <sup>41</sup> <sup>44</sup> **Land trafficking in Yucatan: corrupt notarios facilitating real estate fraud - The Yucatan Post**

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