Resort Fee Litigation Advisory Group: National task force of 47 Attorneys General goes after Resort Fees

03 October 2017
Click here for the latest articles on Resort Fee Litigation.

Note: If you are a consumer with a Resort Fee issue, please do NOT contact us! We do not represent consumers with complaints against hotels. We are part of the fabric of the hotel industry and are committed to informing, educating and assisting players in the hotel industry.

Resort Fees: It is not just the FTC. Now there are 47 Attorneys General focused going after perceived abuses of Resort Fees

Consumer complaints have been protesting Resort Fees for almost two decades. In 2012, the FTC took its first major action. The hotel industry took some action, but many consumer groups and regulators apparently don’t think it is enough.

In May 2016, a national investigation was initiated by the Attorneys General of 46 states and the District of Columbia as to whether DC’s Consumer Protection Procedures Act (the “CPPA”) and similar acts of other states have been violated by deceptive price advertising techniques related to drip pricing regarding Resort Fees.

On June 7, 2017, the Attorney General for the District of Columbia (joined by the other 46 states) filed an action against Marriott to enforce subpoenas related to this investigation, and we are now aware that a number of owners, operators, and brands are receiving subpoenas or inquiries from other State Attorneys General relating to this task force’s nationwide investigation.

The rhetoric in the papers filed by the DC Attorney General is predictable: The FTC issued warnings about drip pricing in the hotel industry in 2012. Despite national criticism of the practice and consumer complaints, it appears the practices have continued.

Click here to read the papers in the lawsuit in DC v Marriott filed June 7, 2017.

What is your action plan for compliance and defense of Resort Fee litigation?

If you don’t have an action plan now, you should get started before you are served with a subpoena or complaint. We expect a flurry in the near future and are already assisting clients in dealing with a broad range of Resort Fee strategies and assessments.

Why do something NOW? Here is why. This is serious!

When law enforcement focuses on a particular industry practice, it can be an unnerving, complex and very costly experience. Local, State and Federal law enforcement have extensive tools to investigate, enforce, and prosecute a host
of complicated consumer protection, unfair business practices, deceptive trade practices, false advertising and fraud statutes. State laws can vary considerably and have a broad spectrum of available relief including civil and criminal penalties, injunctions, restitution, attorney’s fees and costs, and damages — all depending upon a wide variety of qualifying limitations and factors.

When confronted with an investigation, often preceded by a subpoena, it requires a careful review of the pertinent State laws and any of the overlapping Federal laws, like the Federal Trade Commission Act. Complicating matters is the cross-jurisdictional nature of such investigations (like task forces composed of various state Attorneys General) and the impacts that government intervention can have on businesses and on the principals of those businesses. Government involvement raises the profile of the issues being investigated and often encourages private lawsuits including class action lawsuits and negative publicity. Some state statutes have certain limitations on private actions, and sorting out those issues at the outset of government investigation is essential in evaluating potential exposure. The implications on a particular business of a government investigation cannot be understated and responses to law enforcement inquiries have to be thoughtful and carefully handled.

How to get help with Resort Fee litigation issues

We understand the history and complexities of the Resort Fee litigation and we are advising industry stakeholders on these matters currently. If you would like some help to evaluate your situation and options, then call one of the members of our Resort Fee Litigation Advisory Group. There is no cost for an initial discussion.

Jim Butler, +1-310-201-3526 or jbutler@jmbm.com

Mark Adams, +1-949-623-7230 or mxa@jmbm.com

For more information about Resort Fee issues, including the latest updates, go to www.HotelLawBlog.com, scroll down the right-hand side under LEARN MORE ABOUT and click on “Resort Fee Litigation” where you will find all the articles on the subject.

For your convenience, here are links to Resort Fee articles that will provide a fairly comprehensive understanding of the history and evolution to the current situation:

Nebraska sues Hilton over hotel "Resort Fees"

Attorney General for DC sues Marriott International over hotel “Resort Fees”

Impending eruption of litigation over Resort Fees? What’s the fuss?

The FTC takes aim at hotel Resort Fees — The FTC 2017 Report

National task force of 47 Attorneys General goes after hotel Resort Fees
How Resort Fees became an explosive $2.7 billion issue

How to avoid litigation on Resort Fees and other mandatory hotel charges

This is Jim Butler, author of www.HotelLawBlog.com and hotel lawyer, signing off. Please contact us if you would like to discuss any issues that affect your hotel interests or see how our experience might help you create value and avoid unnecessary pitfalls. Who’s your hotel lawyer?

Jim Butler is a founder of the JMBM law firm and chairman of its Real Estate Department. He founded and chairs the Firm’s Global Hospitality Group® and its EB-5 Finance Group which provide business and legal advice to owners, developers and investors of commercial real estate, particularly hotels, resorts, restaurants, spas and senior living. This advice covers purchase, sale, development, financing, franchise, management, labor & employment, ADA, IP, and litigation.

Jim is recognized as one of the top hotel lawyers in the world and has led the Global Hospitality Group® in more than $87 billion of hotel transactions and more than 3,900 hotel properties located around the globe.

Contact Jim at +1-310.201-3526 or JButler@jmbm.com

Hotels we have worked on over the years. Visit our hotel photo gallery to see some of the more than 3,900 properties around the globe that the hotel lawyers of the Global Hospitality Group® have been involved with, on behalf of our clients. For a more comprehensive list of hotels properties and projects we have worked on, see our Credentials.