

Hotel Industry

Business Law

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● Introduction

Good morning everyone. I would like to begin the presentation by introducing the members of our team-STATE THE NAMES OF THE TEAM MEMBERS.

● Purpose of the team

Furthermore, following the introduction of the team members I will continue by stating the reason why we are here today and attempt to give you a brief description of what we do through our collaborative work.

-Assistance represents one of the most valuable contributions that a person can promote towards the needs of other. Hence, through careful analysis, in-depth reasoning, perceptive skills and perceptive attention one can provide useful information for others' problems. Combining all these components, my team colleagues and I are the representatives of a consulting company that offers consulting services related to specific law applicability in certain business industries. Each team member is specialized in a certain realm of law-antitrust, consumer, employment and environmental law- hence displaying abilities to analyze the potential issues that may appear if certain laws are not respected properly.

Recently we have been contacted by an individual who plans to undertake business activity in the hotel industry. Being eager to construct a prosperous business he was willingly to find out the possible influences that the antitrust, consumer, employment and environmental law might apply on his business endeavor.

Seriously taking into consideration our customer's request we attempted to create an overall picture of the methods in which every previously mentioned law is going to affect the business activity that he is about to perform.

TRANSITION: Focusing mainly on the subject that represents my domain of expertise I'll start presenting how antitrust law may affect the hotel industry.

1) ANTITRUST LAW

As we all recognize, the business industry is developing around the notion of competition.

-Competition represents that driving force that leads persons, companies and corporations to aspire to greater achievements. Hence, being a promoter for improvement, competition should be constantly incorporated in business.

Purpose of Antitrust Law:

-Antitrust Law represents that segment of Law that prevents different entities from creating such situations in which competition is limited.

-Antitrust Law defines a category of laws that is subdivided in different acts all serving the purpose of creating rules that assure competition in the market place.

-Two of the most important acts that are part of the Antitrust Law are the Sherman Act and the Clayton Act.

-Since we are offering advisement to a customer who wants to perform business activity in the Hotel Industry, the Clayton Act won't be relevant in this situation because it regulates mainly the companies that deal with manufacturing products.

Therefore, I am going to focus on the regulations that the Sherman Act embodies regulations that can be applicable to the hotel industry.

The main provisions, regulations of the Sherman Act are included in Section 1 and 2 of the Act.

Under the Section 1 of the act it is mentioned that every contract or agreement between rival firms in the purpose of restraining the trade, limiting competition is declared illegal. Hence, under the circumstance presented above we can notice the implication of two or more entities. Hence, any contract that our customer may create between his hotel any other hotel owner in the attempt to confine competition will be considered illegal.

Examples of practices that are considered illegal under the first section of Sherman Act:

-Price fixing stands for any agreement among competitors to fix prices. Let's assume that our customer agrees to set certain prices for rooms along with some other hotels in order to influence market competition, this practice would be considered illegal.

-Horizontal market division represents any agreement between rivals to divide territories or customers. Hence, if our customer agrees with other hotel owner that he will address only customers from a certain region while the other

competitor will address only customer from a different area it will be considered an illegal agreement.

-Joint ventures. A joint venture is an activity performed by two or more companies or individuals for a specific purpose.

Before discussing Section 2 of the Sherman act I must define the term monopoly

Monopoly-defines the control of a specific market by a single entity,

Therefore, Section 2 of the Sherman act condemns any person who will monopolize or attempt to monopolize the market. Hence, if our customer's business may extend throughout the time, reaching a position of high influence in the hotel industry he may be capable of influencing the level of competition he may face in this specific industry through price control.

2) EMPLOYMENT LAW:

- **Definition:**

The employment law, which may also be referred to as the Labor Law, is a set of laws that protect and determine the workers (employees) rights at work and through the contract of work. The employment law is subdivided into multiple acts like the Contract of employment, Minimum wage, Living wage, Working time, Health and safety, Anti-discrimination, dismissal, Child and Sexual Harassment.

- **Hotel Industry:**

Almost of the above stated rules and laws apply to the hotel industry, however, when it comes to workers and employees in hotels the Department of Labor is always targeting and checking specific laws because of the many violations regarding

minimum wage, over time and record keeping for provisions of the Fair Labor Standards Act (FLSA).

1. *Wage and hour Laws:* Minimum wage
2. Overtime: Blended-rate Overtime and its conditions and rules
3. Child Labor which prohibits oppressive child labor and exploitation of minors.
4. Family & Medical Leave Act: to protect the employees who need time off work for family and medical reasons.
5. *Employment discrimination:* based on race, gender, color, religion, national origin, age and disability.

5.1. *Leaves of Absences, disability Accommodation:* not just physical and mental. Now Cancer, Diabetes, Epilepsy and Intellectual disabilities are considered disabilities.

- Employees are treated less favorably because they have or have had a history of any kind of disability.
- employer is required to provide reasonable accommodation to the employee

6. *Sex and gender Discrimination:* not only Women are targeted but also LGBT. Newly released strategic Enforcement plan to protect gender identity and sexual orientation.

Recommendations:

- *How to prevent racial and sexual discrimination?*

1. Implement and enforce equal Employment Opportunity policies
 2. Widen and diverse the pool of candidates considered for employment openings and promotions
 3. Clarify the promotion, firing and hiring criteria
- *How to reduce risk of violations against the Labor/ Employment Laws?*
 1. Automatically calculate the FLSA blended-rate overtime
 2. Defining employees as exempt or nonexempt for FLSA overtime
 3. Track 12-month rolling period
 4. Flagging employees with need for HR approval of FMLA hours
 5. Managing leave hours for multiple FMLA claims
 6. Generally, keep track of the hours , pay and status of employees
 - easier to control and manage through the implementation of improved technology and best practices in record-keeping.

3) ENVIRONMENTAL LAW

There is environmental risk in the everyday operation of a hotel. There are many aspects of environmental risk to take into consideration. Environmental issues are controlled by federal, state and local laws and regulations. In order to guard the legal rights of the hotel one must know all of these requirements and how to fulfill them.

- I. The following environmental laws are to be taken into consideration by Hotels in the U.S
 - a. Clean Water Act
 - b. Noise Control Act
 - c. Pollution Prevention Act

- d. Energy Policy Act
- e. Clean Air Act
- f. Resource Conservation and Recovery Act
- g. Toxic Substances Control Act
- h. (Purpose and Explanation of laws are to be discussed during the presentation.)

II. United States Environmental Protection Agency

- a. Hotels often partner up with agencies such as the EPA in order to aid with regulation of environmental laws.
- b. "EPA is called a regulatory agency because Congress authorizes them to write regulations that explain the technical, operational, and legal details necessary to implement laws." www2.epa.gov
- c. The mission of EPA is to protect human health and the environment.
 - i. Purpose of EPA
 - 1. <http://www2.epa.gov/aboutepa/our-mission-and-what-we-do>
- d. The EPA also provides beneficial opportunities to Hotels in the US.
 - i. Combined Heat and Power: An Energy-Efficient Choice for Mid-Size to Large Hotels
 - ii. http://www.epa.gov/chp/markets/hotel_fs.html

III. Finally, it is essential for Hotels to follow environmental laws in order to protect the environment and the business as a whole.

4) CONSUMER LAW

•Consumer Law is a group of laws and rules protect the rights of consumers as well as fair trade competition and access to truthful information in

the marketplace. The laws are planned to prevent businesses that engage in fraud or specified unfair practices from gaining an advantage over competitors; they may also protect us from unfair trade, unsafe products, unreasonable credit requirements, etc.

There are a lot of areas regulated by Consumer Law Regulated by Statutes. Some of them are:

- Advertising
- Labeling and Packaging
- Sales
- Product Safety
- Food and Drugs

All of these have specific acts that regulate certain areas and problems.

- For example, The Federal Trade Commission Act of 1914 is used to protect consumers from being misled by the advertising claim. This act is commonly used in hotel industry because most of hotel managements are trying to reach, and get more consumers by puffed advertising. (*slides*)

- The hotel room u wanted maybe won't look exactly how u expected; according to picture on the web site or brochure room should look way better. Although little overestimation is allowed puffing and misleading consumers on purpose is considered fraud.

- According to Federal Trade Commission Act all these (*slides*) are considered or puffing or half-trust (true but incomplete) claims which are illegal.

- If the room you got is significantly below what you expected based on an advertisement, or the room has not been cleaned properly, or if the room is extremely

noisy you allowed request better room or some kind of refund. Hotel management is obligated to give you a new room with a discount or refund. If nothing else is sufficient you are allowed to sue hotel.

- FTC is also preventing bait-and-switch advertising. Some hotels would advertise lower rates and fees to get customers and then at front desk or calling to reserve people will realize that that offer is fake and hotel just get in offer regular, higher prices.

- When we talk about sales consumers protections we will have to mention FTC has regulations that when we buy something online or over the phone and hotel fail to do what they promised when they promised they are obligated to refund you somehow or you can sue. (Examples)

- Consumer health and safety- The federal food, drug and cosmetic act. (examples)