

The 2009 Hospitality Law Conference

February 9-11, 2009

Meeting Contracts

Presented By:

Russell Savrann
Graham & Dunn

James Goldberg
Goldberg & Associates, PLLC

RUSSELL C. SAVRANN

Russ is a principal member of the Hospitality Industry Group of Graham & Dunn PC. Formerly VP Associate General Counsel of Starwood Hotels & Resorts Worldwide, he works with hotel, restaurant, and national association clients on transactions, franchising and operational matters, including M&A, joint ventures, corporate organization, management agreements, franchise, beverage licensing, intellectual property, sales, marketing, construction and procurement. Russ assists start up companies with strategic and business planning, corporate organization, compliance, and employment. In addition to hospitality law, Russ has experience in the areas of real estate, technology, employment, commercial litigation and bankruptcy.

LAW OFFICES
GOLDBERG & ASSOCIATES, PLLC
(A LIMITED LIABILITY COMPANY INCLUDING NONLAWYERS)
SUITE 1000
1101 CONNECTICUT AVENUE, N.W.
WASHINGTON, DC 20036
202-628-2929
FACSIMILE: 202-463-4545
E-MAIL: jimcounsel@aol.com
INTERNET: www.assnlaw.com

JAMES M. GOLDBERG

James M. Goldberg is a principal in the Washington, DC law firm of Goldberg & Associates, PLLC. His practice focuses on representing trade associations and professional societies, as well as independent meeting and event. In his law practice, Mr. Goldberg routinely reviews and negotiates client contracts with hotels, convention centers and other service providers. He estimates that he reviews more than 200 such agreements each year.

Mr. Goldberg is the author of "*The Meeting Planner's Legal Handbook*," a widely distributed publication that is also used as the text for his course on "Meeting and Exhibition Law and Ethics," taught each fall at Northern Virginia Community College in Annandale, VA. He also teaches at The George Washington University and the University of Georgia.

Mr. Goldberg serves on the Board of Directors of the Academy of Hospitality Industry Attorneys.

SECURITY FOR INTERNATIONAL MEETING PLANNERS

Russell C. Savrann

Graham & Dunn Hospitality Industry Group

This article focuses on tools for holding a secure meeting. You do not have to follow these ideas and suggestions for every meeting, but over time as you become more aware of the risks inherent with meetings, you will be better able to judge the level of security planning you need and any related additional meeting expenses. You should always have a simple contingency plan for every meeting. If the meeting calls for more security then take more assertive steps with the client and the host hotel. If you anticipate trouble, take action to avoid it.

I came to respect the daily challenges of operating a worldwide meeting enterprise during the five years I was Vice President & Associate General Counsel of Starwood Hotels & Resorts Worldwide. I was responsible for the group sales division's legal issues, through the second Gulf War, 911, the Bali Marriott bombing and SARS. I mention this because in working out details and policy we realized that security is a state of mind. In the ordinary business world absolute security is impossible, therefore the best security is never putting oneself, or one's client in a position where there is an obvious or avoidable security issue and to always have a risk-appropriate contingency plan.

What is Security?

The definition of Security includes freedom of fear or anxiety and also includes the concept of protection from danger. As a meeting professional planning an event you should be aware of steps to address both of these elements of security. In other words you want your clients and attendees to *feel* confident that you have planned a meeting that will go well and that you have assumed responsibility for the welfare of the meeting and the attendees. At the same time you want to *actually protect* the meeting and its attendees by making sure, among other things, that the meeting is in a reasonably safe location at a reasonably safe time.

Finding a Safe Meeting Location

The world is not a safe place. Trouble can happen anywhere at any time. The trick is to do your homework and try not to be in the wrong place at the wrong time. When vetting locations for meeting, look beyond the tourist brochures and sales incentives for real information about the host nation and city. Look for hints that the location may be unstable or more importantly may be unstable two years from now when the meeting will be held. Although we all fear the terrorist threat, in reality the danger to the attendees is more likely from attendees being swept up in events that are going on around them rather than events about them.

Avoiding Trouble

First get to know the internet. Frequently scan the headlines of the English language papers from the regions where you might hold meetings. I find the news about our country and our current

administration very humorous and enlightening. Think about it: Would you book a meeting in downtown Detroit during the NBA championships? If the Detroit Pistons win, the city is in flames and your attendees from other countries may not feel freedom from fear and anxiety regarding their safety. Likewise, there are events overseas that regularly enflame passions and draw violence that with a little research can be avoided. These can range for example, from sporting events that have a history of hooliganism between rival fans (British and certain German football fans are notorious); the annual July 12 Orange Order parades in Ireland (these parades are intentionally routed through nationalist neighborhoods inciting violence); or local elections where the election is controversial or violence is commonplace (in certain Indian provinces and cities violence at the polls is common). This year one high profile example of a security risk related to a sporting event is the expected opposition from Tibet nationalists during the upcoming 2008 Summer Olympics.

Certain meetings draw demonstrations and protest. You should research which groups are targets for protest. For example, the 1999 WTO meeting in Seattle, Washington drew 50,000 protestors to the streets; the November 20, 2003 Trade Ministers meeting in Miami, Florida had 17,000 demonstrators protesting; the 2001 G-8 meeting in Genoa, Italy had 146 police injured and the June 3, 2007 G-8 meeting in Rostock Germany caused chaos in the streets when over 1,000 demonstrators turned violent. The point is that the delegates to these meetings were protected, but if you were hosting another meeting in the same city at that time, your meeting attendees were in danger of being caught up in the violence.

Internet Resources

Suggested links are Government websites from the US State Department www.travel.state.gov or the UK Foreign and Commonwealth Office www.fco.gov.uk/travel. Other useful sites are the English language papers of which these are a few examples. www.timesonline.co.uk/global (EU/World); www.mg.co.za (Africa); www.theaustralian.news.com.au (Australia/APAC); www.scmp.com (Hong Kong/China); www.asiaone.com (Singapore/Indonesia)

Natural and Physical Risks

Security also includes protection from natural and physical risks. Unless you are planning meetings for known or likely targets of protest such as the WTO, you should check your meeting site and dates for natural and physical security risks. Use the internet to learn when the cyclone season hits or other potentially dangerous weather. We all know to avoid the Caribbean and South Florida in the fall. Most countries have the equivalent “bad weather” seasons. Usually, if you are offered a deal that is too good to be true, it is. Check to see why the price is so low. Also keep in mind that that using international brand with a conference facility does not guaranty that the facility will employ US standards of fire, life and safety especially if that facility is a franchise. Most brands require that the facility meet local code requirements. Be sure to ask about the quality of the fire, life and safety systems of the Hotel and meeting space.

Choosing the Best Hotel Location for Security

The meeting hotel location can be a factor in evaluating the security risks. Your meeting is more likely to be disrupted by your attendees being caught up in local affairs rather than your meeting

being a specific target. Therefore, the safest hotels are usually airport hotels (due to the general security protocols of international air travel); hotels where visiting dignitaries are housed (due to the experience of hotel security staff); and hotels with a low profile location (as they are less likely to be located where the masses demonstrate in times of unrest such as Plaza Bolivar in Caracas, Venezuela).

In emerging markets new hotels may have been built in locations that have recently displaced populations of disenfranchised people. In other words, in places like Rio de Janeiro there is a very short distance between first world and barrio with the attendant street crime, drugs and violence.

Client Security

Check to see if your client has additional security needs. Most multinationals have been subjected to threats and have some level of security in place. As a meeting professional you are obligated to ask if the client has additional security needs. If you are assisting a Wall Street investment bank, an NGO or an American brand icon, you should investigate what the security expectations are for the meeting. Many companies provide security for the top leadership. You should introduce the host hotel's security officer to the client's security team early on in the process. See if the company has travel and security insurance. Most companies with operations in Latin America and Africa Middle East have security insurance for top executives. In some circumstances attendees may be covered and not be aware of it. See if the insurance company will extend coverage of the meeting for all attendees from that company or even cover the meeting itself. International SOS www.internationalsos.com is a well know company that provides evacuation, security and medical insurance coverage world wide.

Identify Local Resources

Be sure to involve the director of the client's operations in the host country. You may find there is local labor unrest that could disrupt the meeting. The host is also likely to know where to hold the meeting and what times of year to avoid.

Ask the hotel if they have a crisis plan and whether it includes a contingency for the evacuation of guests. Develop a simple crisis plan for the meeting. At minimum inform the local US consul that you are hosting a meeting in the country or in his city.

Although we fear the big crisis, as a meeting professional the most likely "crisis" you will manage will be an attendee falling ill or someone being arrested. Your crisis plan should identify a local English speaking doctor (US Consul or your hotel should be able to help) who you should ask or pay to be on call to assist with the medical needs of any attendees. If someone is admitted to the hospital it will help to have an intermediary to communicate with as you are not family and you otherwise may not be able to assist. Identify in advance an English speaking local lawyer. If an attendee is arrested, the US Consul may not assist (or act quickly) if the arrest involves drugs or a sex crime. Usually the consul will direct you to a lawyer anyway so better be prepared and have a relationship established. The local lawyer will also prove to be a good local resource in planning the event.

The Contract

The contract with your client should indemnify you from liability for security concerns as well as from liability under the Patriot Act and US Treasury Department Regulations. You do not want to hold yourself out as a guarantor of your client's safety. After all you are an agent of the client and the responsibility ultimately should rest with the client and the client's insurance carrier. The Patriot Act and Executive Order 13224 provide that US citizens may not do business with people or entities identified by the US government as bad guys. Doing business with anyone on the Treasury Department's OFAC list is a federal crime, wherever the activity takes place. Renting a hotel room to a person on the list is specifically included in the regulation commentary. Therefore, be sure the client contract and the hotel agreement indemnifies you from liability under the act. Even so be smart. We generally know from the press, who the government is concerned about, so if you are organizing an international meeting with delegates from the Iranian government or from Hamas, you can not book them in a US branded or owned hotel. You may be held personally accountable due to your involvement with planning the meeting. The lesson here is to know who will be attending your meeting as a guest speaker, attendee or entertainment. (Marriott was fined for hiring a Cuban dance troupe to entertain at a function in the Caribbean even though the group was booked through an agent and Marriott was not aware that the dancers were actually Cuban nationals.)

Your client may ask you to postpone or cancel a meeting due to their determination that there is a medical security risk. SARS was a wake up call regarding the role international meetings play in worldwide health concerns. Health officials are very worried that drug resistant strains of tuberculosis and avian flu will be spread through international travel. Hotel companies are sensitive to the overreaction to perceived health risks to meeting attendees where there is an outbreak. During the SARS crisis the Center for Disease Control ("CDC") and the World Health Organization ("WHO") issued conflicting travel restrictions. If you address "epidemics" in your contract be sure to identify one or the other organization as controlling whether or not it is safe to travel to the meeting location or for attendees from an affected region to travel to the meeting. As with the threat of violence, the likely health "crisis" will be an outbreak of the Norwalk virus or food poisoning. Having a local English speaking doctor on call will be a big help if this occurs.

Be sure the hotel agreement indemnifies you and your group for loss of personal property from secure rooms. An internal review of a major hotel company's group loss history highlighted that laptop computers are the most common theft item. Most of the theft was from meeting rooms that were to be locked when the attendees were not in the room. The other loss issue to bear in mind is security for confidential meeting materials sent in advance to the hotel. Many meetings have been affected by materials being compromised, or lost that are central to the meeting. Be certain to discuss how and where the materials will be held prior to the meeting.

Conclusion

Like so many things the better prepared you are in advance the less likely you will have to use your contingency plans. The above tips and resources are not meant to be inclusive, but should be helpful in addressing the security needs of your international meeting.

I hope you find these tips helpful. Your clients will feel safer with the knowledge that you have considered security in planning their meeting.

Russell C. Savrann

rsavrann@grahamdunn.com

© 2008 Graham & Dunn, PC

Russell C. Savrann



Russell Savrann is a partner of Graham & Dunn, PC. He is based in Connecticut and is senior member of Graham & Dunn's Hospitality Industry Group. He works exclusively within the hospitality industry, counseling clients on development and operational matters including the negotiation and documentation of domestic and international meeting and event agreements and provides meeting dispute resolution representation. Russ has counseled hospitality supplier and vendor clients throughout the world. He frequently speaks and trains industry professionals on contract negotiation and current legal trends affecting the industry.

Prior to joining Graham & Dunn in 2005, Russ served as Vice President and Associate General Counsel and Assistant Secretary of Starwood Hotels & Resorts Worldwide, Inc. from 2000-2005, where he represented several business groups, including group, FIT, development, sales and marketing, intellectual property (worldwide), operations, food & beverage, architecture, design and construction, technology (Galaxy Hotel Systems and STARS) and procurement.

From 1994 through 2005 Russ was the Acting General Counsel and Corporate Secretary for American Hospitality Concepts, Inc. and from 1987 to 1994 he was engaged in private practice in Boston.

Russell C. Savrann
Graham & Dunn, PC
246 Goose Lane, Suite 105
Guilford, CT 06437
203-653-2820
www.rsavrann@grahamdunn.com