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Recent trends in hotel violence, insurance/financial damages, and legal liabilities

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**THE ^{HL}HOSPITALITY LAW
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Recent hotel terrorism

The DusitD2 Nairobi attack

- 15 Jan 2019, al Shabaab (AS) raided the 5-star DusitD2 hotel and business complex
- 21 killed, 28 wounded
- Totality of circumstances of AS activities revealed the threat
- GA Insurance: \$3,886,020.00 USD in damages
- RevPAR losses: \$2,319,212.50

The Sri Lanka hotel attacks *(plus churches)*

- 21 Apr 2019, ISIS suicide bombers
- Cinnamon Grand, Shangri-La, Kingsbury Colombo, Tropical Inn Guest House
- 258 killed, 500 wounded
- Totality of circumstances of IJ activities revealed the threat
- Ceylinco General Insurance, NITF*: over \$7 mil in damages, *(National Insurance Trust Fund)
- RevPAR losses: over \$6 mil



Hotel physical and sexual assaults

State Department - OSAC

- Totality of circumstances:
 - Jamaica 2018 Crime and Safety Report
 - 12 AMCITS raped/sexually assaulted @ Jamaican resorts, 2017
 - 2011-17, 78 AMCITS raped/assaulted in Jamaica (1 ev mon for 6-yrs, or 13 a yr)
 - Sep 2018, Hotel Riu Reggae in Montego, 2 women raped by resort employee

Jan 2019, Majestic Elegance Punta Cana

- Dominican Republic (threat backdrop = general totality)
- Delaware woman assaulted
- Hotly contested, insurer not responsible
- \$3 million suit
- No CCTV/or not operable
- Bad press = resort set to close from 1 Aug-7 Nov 2019
- \$8,525,160 in RevPAR losses

A cityscape with various buildings and greenery is visible in the background. A large, solid brown banner with a black border is positioned across the middle of the image, containing the title text.

Hotel human trafficking

Quick view

- On average 4.8 million people sexually enslaved, much of it in hotels
- Sex trafficking more profitable than drug trafficking, Prince William County (VA) Police
- Tu Rinsche, Marriott's Director of Social Impact and Global Responsibility
 - "Corporations have historically feared any association with [this] heinous crime."
 - "...human trafficking unfortunately negatively impacts the industry, but also our company, so the company identified it as a salient issue for us to address."



Hotel human trafficking

Motel 6 Seattle Sea-Tac Airport South

- May 2019, man charged w/sex trafficking a female to 20 men a day @ dif times
- Totality of circumstances (“broken window theory”): since 1 Jan 2016-May 2019, LE on property approx. 2,000 times responding to 9-11 calls, area checks (4 times a day for 3-years)
- Existing hotel security and “no rent to list” was not enough to stop trafficking

Georgia-Louisiana case, 2010-2016

- Red Roof Inn, Suburban Extended Stay, La Quinta Inn, 2 Extended Stay Americas
- Hotel staff on payroll provides “OPSEC”
- Criminal suit, Anderson, Tate and Carr, US District Court in Atlanta, for sex trafficking and knowingly \$ benefiting from a crime:

- Red Roof Inns, Inc.
- Choice Hotels Int’l, (owns Sub/Extended Stay)

- La Quinta Worldwide, LLC (owned by Wyndham)
- Extended Stay America



Select Conclusions

Select conclusionary macro trends

1. Hotels woefully unprepared to mitigate violence and trafficking.
2. Modern, data-intelligence driven security could have blunted or prevented these cases.
3. Threat warnings and indicators (totality issues) clearly visible in most of these cases.
4. Financial damages routinely are in the low- to mid- \$ millions.
5. Legally, totality of circumstances is gaining traction against reasonable foreseeability.

Select evolving micro trends

1. Marriott = motivated to counter human trafficking because human harm, social responsibility, fiscal losses, and liabilities.
2. The criminal suit against hotels in the Georgia-Louisiana human trafficking case poses a new level of motivation to mitigate.



“A hotel has a duty to adopt reasonable security measures to protect guests from foreseeable harm. Foreseeability can be established from past circumstances that are likely to be repeated.”

Judge Karen Morris, “Hotel security requires vigilant attention,” *Hotel Management*, 19 August 2019.

Therefore, hotel threat intelligence matters...it can help make a difference in protecting lives, brands, and revenues.

Questions?