

VIRGINIA:

IN THE CIRCUIT COURT OF THE COUNTY OF HENRICO

COMMONWEALTH OF VIRGINIA,
EX REL. MARK R. HERRING,
ATTORNEY GENERAL,

Plaintiff,

v.

GRM MANAGEMENT LLC,
a Virginia limited liability company,

SERVE: N Patel
Registered Agent
10307 West Broad Street, Suite 275
Glen Allen, Virginia 23060
(County of Henrico)

Defendant.

CIVIL ACTION NO. _____

COMPLAINT

The Plaintiff, Commonwealth of Virginia, by, through and at the relation of the Attorney General of Virginia, Mark R. Herring (the "Plaintiff" or the "Commonwealth") petitions this Court to declare that the activities in which the Defendant, GRM Management LLC d/b/a The Richmond Grand Magnuson Hotel, Richmond Magnuson Grand Hotel and Convention Center, and Richmond Magnuson Grand Hotel and Conference Center ("Richmond Magnuson" or the "Defendant"), has engaged constitute violations of § 59.1-200 of the Virginia Consumer Protection Act ("VCPA"), Virginia Code §§ 59.1-196 through 59.1-207, and Virginia's "bait and switch" statute, Virginia Code § 18.2-217(a). The Plaintiff prays that this Court grant the relief requested in this Complaint and states the following in support thereof:

JURISDICTION AND VENUE

1. The Circuit Court of the County of Henrico has authority to entertain this action and to grant the relief requested herein pursuant to Virginia Code §§ 8.01-620, 17.1-513, 59.1-203, 59.1-205, and 59.1-206.

2. Venue is preferred in this Court pursuant to Virginia Code § 8.01-261(15)(c) because some or all of the acts to be enjoined are, or were, being done in the County of Henrico. Venue is permissible in this Court pursuant to Virginia Code §§ 8.01-262 (1), (2), (3), and (4) because the Defendant's principal office and registered office are in the County of Henrico, the Defendant has appointed an agent to receive process in the County of Henrico, the Defendant regularly conducts substantial business activity in the County of Henrico, and portions of the cause of action arose in the County of Henrico.

3. Prior to commencement of this action, the Plaintiff gave the Defendant written notice that these proceedings were contemplated and a reasonable opportunity to appear before the Office of the Attorney General to demonstrate that no violations of the VCPA or other statutes referenced above had occurred, or to execute an Assurance of Voluntary Compliance, pursuant to Virginia Code § 59.1-203(B). The Defendant has failed to demonstrate that no violations occurred and has not agreed to resolve the matter through execution of an Assurance of Voluntary Compliance that is acceptable to the Commonwealth.

PARTIES

4. The Plaintiff is the Commonwealth of Virginia, by, through and at the relation of Mark R. Herring, Attorney General of Virginia.

5. The Defendant, GRM Management LLC, is a Virginia limited liability company having its principal office at 10307 West Broad Street, Suite 275, Glen Allen (Henrico County),

Virginia 23060.

FACTS

6. Richmond Magnuson is a Virginia limited liability company which operates a hotel in Henrico County located at 6531 West Broad Street, Richmond (Henrico County), Virginia 23230. The hotel has operated under various names, but the Commonwealth has reason to believe it was converted to a Magnuson Hotel in early 2013.

7. Patrons of the hotel may make reservations in advance for hotel lodging and amenities. When patrons reserve a room with the Defendant, they typically must provide their credit card information. In return, they receive a confirmation of the price they are to pay including applicable taxes. If requested, patrons are provided written confirmation of the reservation and the price they have agreed to pay, which states in part, "Your room will be held for your arrival and will [sic] be charged if you fail to arrive."

8. In early 2013, Richmond Magnuson was chosen as the site for an event called the Virginia Line Dance Festival (the "Dance Festival"), which was scheduled for Thursday, August 1, through Sunday, August 4, 2013. The event directors arranged with the Defendant in advance that rooms with two double-sized beds and a hot breakfast would be available to accommodate attendees of the Dance Festival, and that the rate for the rooms would be \$73 per night plus taxes of \$9.49 a night (for a total of \$82.49 per night). A copy of a flyer that the Dance Festival directors provided to potential attendees in advance, with the contact information for the Event Directors redacted, is attached as Exhibit A.

9. Based on several complaints the Office of the Attorney General of Virginia received regarding the event, either directly or through the Better Business Bureau serving Central Virginia, the Commonwealth has reason to believe that, during the period from at least

January 31, 2013 through at least July 27, 2013, Richmond Magnuson advertised, offered, and confirmed the rooms described for Dance Festival attendees at the nightly rate of \$73 plus tax. When consumers arrived at the hotel starting on August 1, despite having received rate confirmations for a lower price, they were informed at check-in that they would be charged \$87 per night plus applicable taxes of \$11.57 (for a total of \$98.57) for the same rooms. The difference between the confirmed nightly total rate of \$82.49 and the nightly total rate actually charged of \$98.57 equals \$16.08. For a consumer staying three nights, the aggregate amount of the difference rises to \$48.24. Copies of a written confirmation that the hotel provided one customer in advance, and a sales receipt outlining the charges actually imposed by the hotel on the same customer, with the name of the affected consumer redacted, are attached as Exhibits B and C, respectively.

10. In several instances, the affected consumers complained of unhelpful and argumentative front desk staff of Richmond Magnuson who made oral promises at check-in to resolve the disparities in the prices charged at a later time, only to fail to do so when the consumer later returned to the front desk.

11. In some instances, Richmond Magnuson staff simply refused to discuss complaints with the affected consumers at all. On at least one occasion, for instance, when the consumer requested a copy of his signed bill on which he had indicated that he disputed the rate charged, Richmond Magnuson staff refused to provide a copy.

12. As of this date, the Office of the Attorney General of Virginia is aware of twenty-nine instances where consumers were charged \$87 per night plus tax at check-out, despite having been told that they would be charged, and having received in many instances confirmations for, a price of \$73 per night plus tax. While some of the individuals who contacted the Office of the

Attorney General were able to dispute successfully with their credit card companies the amount they were charged over what they were promised, others either were not able to do so or did not attempt to do so in a timely manner.

13. In another instance, a consumer ordered and confirmed a "King-Suite" room for a rate of \$92.95 per night plus tax for the three nights of the Dance Festival. Upon arrival, Richmond Magnuson staff informed the consumer that the room she reserved was not available and that only a room with two double-sized beds would be offered. The Richmond Magnuson sales attendant informed the affected consumer that he thought she would be charged at the rate offered to the Dance Festival attendees for the rooms with two double-sized beds, but that he would have to check with his manager to confirm. Richmond Magnuson billed the consumer at the higher \$92.95 plus tax rate for the King-Suite, notwithstanding that the consumer did not stay in a King-Suite room, and notwithstanding the \$73 plus tax rate advertised and offered to attendees of the Dance Festival for rooms with two double-sized beds.

14. Many individuals who attended the Dance Festival travelled long distances from out of state or from distant parts of Virginia, only to arrive and be informed they would be charged a higher price than that which they had arranged in advance. Because the Dance Festival for which they had registered was to be held at the hotel, many attendees felt compelled to stay at the hotel when they arrived, or otherwise decided it was not worth the hassle for them to attempt to change hotels at that late juncture.

15. On information and belief, the Commonwealth understands that the complaints it has received to date may represent potentially only a fraction of the consumers who were harmed by Richmond Magnuson based on these practices. In this regard, we understand that as many as 300 guests who attended the Dance Festival were offered, and received confirmation of the \$73

per room, per night rate. Additionally, there may be other consumers not participating in the Dance Festival who were treated similarly on separate occasions by Richmond Magnuson.

CAUSES OF ACTION

COUNT 1 – Virginia Consumer Protection Act

16. The Commonwealth re-alleges and incorporates by reference the allegations of Paragraphs 1 through 15 above.

17. Richmond Magnuson is now, and was at all relevant times mentioned herein, a "supplier" of "goods" or "services," and engaged in "consumer transactions," as those terms are defined in § 59.1-198 of the VCPA, by advertising, offering, and providing hotel lodging and related goods and services to consumers.

18. In advertising, offering, and confirming room rates for one price with the intent not to sell at that price or upon the terms advertised or offered, and then at actual check-in informing consumers of, and at check-out charging, a higher rate for the same rooms, or not having the rooms reserved available as requested, the Defendant violated the VCPA in the following manner:

(a) by misrepresenting that goods or services have certain quantities, characteristics, ingredients, uses, or benefits, in violation of § 59.1-200(A)(5);

(b) by advertising goods or services with intent not to sell them as advertised, or with intent not to sell at the price or upon the terms advertised, in violation of § 59.1-200(A)(8);

and

(b) by using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction, in violation of § 59.1-200(A)(14).

19. In a governmental enforcement action, the VCPA authorizes the Attorney General to seek, among other relief, restitution (§ 59.1-205) for any amounts that might have been acquired from persons by means of a violation of § 59.1-200, civil penalties of not more than \$2,500 per willful violation (§ 59.1-206), investigative costs and reasonable expenses not to exceed \$1,000 per violation (§ 59.1-206), and attorney's fees (§ 59.1-206).

20. The Defendant willfully committed the aforesaid violations of §§ 59.1-200(A)(5), (8), and (14).

21. Individual consumers have suffered monetary damages and other losses as a result of the aforesaid violations by the Defendant.

COUNT II – Bait and Switch Statute

22. The Commonwealth re-alleges and incorporates by reference the allegations of paragraphs 1 through 21 above.

23. By advertising and offering for sale to the public room rates for one price with the intent not to sell at that price or upon the terms advertised or offered, and then at actual check-in informing consumers of, and at check-out charging, a higher rate for the same rooms, or not having the rooms reserved available as requested, the Defendant violated Virginia Code § 18.2-217(a).

24. The Attorney General has authority to bring an action to enjoin any violation of Chapter 6, Article 8 of Title 18.2 of the Code of Virginia, including, but not limited to, violations of Virginia Code § 18.2-217(a), pursuant to Virginia Code § 59.1-68.2.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff, Commonwealth of Virginia, prays that this Court:

1. Permanently enjoin Richmond Magnuson from any future violations of Virginia

Code §§ 59.1-200(A)(5), (8), and (14), and § 18.2-217(a);

2. Grant judgment to the Commonwealth, as trustee, against Richmond Magnuson in an amount necessary to make restitution or restoration to the former patrons of Richmond Magnuson in the aggregate amount by which the amounts they were charged and paid for their rooms exceeded the amounts advertised, offered, and confirmed to them by Richmond Magnuson, pursuant to Virginia Code § 59.1-205;

3. Grant judgment to the Commonwealth against Richmond Magnuson for civil penalties in the amount of \$2,500 for each and every separate willful violation proven at trial, pursuant to Virginia Code § 59.1-206;

4. Grant judgment to the Commonwealth against Richmond Magnuson for its costs, reasonable investigative expenses, and attorney's fees, pursuant to Virginia Code § 59.1-206; and

5. Order such other and further relief as may be deemed proper and just.

COMMONWEALTH OF VIRGINIA,
EX REL. MARK R. HERRING,
ATTORNEY GENERAL

By: David B. Irvin

Mark R. Herring
Attorney General

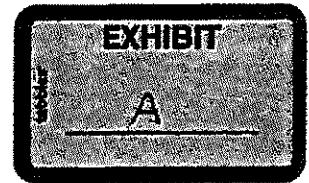
Cynthia E. Hudson
Chief Deputy Attorney General

Rhodes B. Ritenour
Deputy Attorney General
Civil Litigation Division

David B. Irvin (VSB No. 23927)
Senior Assistant Attorney General

Stephen J. Sovinsky (VSB No. 85637)
Public Service Fellow

Consumer Protection Section
900 East Main Street
Richmond, Virginia 23219
Phone: (804) 786-4047
Fax: (804) 786-0122



VIRGINIA LINE DANCE FESTIVAL Aug 1-4, 2013

Richmond Magnuson Grand Hotel & Conference Center

Formerly Crown Plaza Hotel - Richmond West

6531 West Broad Street
Richmond, Virginia 23230
804-289-6228

FREE HOT
Breakfast

373
Room Rate

FREE
Thursday night
kickoff dance
8PM

Instructors

John Robinson • Joanne Brady • Junior Willis • Jill Babinec
Roz Morgan • Dancin' Dean • Dancin' Terry
Steve Lescarbeau • Sue Ann Ehmann

Great wooden
floors in all
three rooms

Event DJs - Jill Babinec • Mary Kaye Johnson

Friday night
is
"PURPLE NIGHT"

Thursday night registration available
Registration begins at 7:00am Friday
Classes start at 9am Friday
Room check-in after 3pm

Dances in
Main, Beginner, and Ultra
Beginner ballrooms
Friday & Saturday night

Beginner dance
and
Ultra Beginner dance
intermediate+ dance
taught each hour

EVENT DIRECTORS

Olivia Ray

oray@vline.com
www.vline.com
540-999-9999

Nat Morgan

nmorgan@vline.com
www.vline.com
442-999-9999



THE RICHMOND GRAND MAGNUSON HOTEL
6531 WEST BROAD STREET
RICHMOND, VA 23230

(804) 285-9951

01/31/13 01:24 pm

Registered To:

Connie

Room # _____
Conf # 2802
Arrival 08/01/13
Departure 08/04/13
Group Virginia Line Dance
Room Type TDB-Two Double Bed
Guests 2 / 0
Payment Account Amex
XXX-XXXXX-XXXX

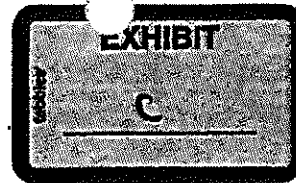
(540) _____

Reservation & Rate Information				Guest initials:			
				Avg Daily Rate: \$73.00			
Date	Thu 08/01/13	Fri 08/02/13	Sat 08/03/13	EXTENDED DATES			
Rate	\$73.00	\$73.00	\$73.00				
Tax	9.49	9.49	9.49				
Pkg							
Extra 1							
Extra 2							

This to confirm your reservation for the above listed dates is now confirmed. Your room will be held for your arrival and will be charged if you fail to arrive. If you would like to cancel without a charge, you must do so by 6:00 pm on the date of arrival.

Reservationist

THE RICHMOND GRAND MAGNUSON HOTEL
 6531 WEST BROAD STREET
 RICHMOND, VA 23230



(804) 285-9951

C/O 08/04/2013 09:45 AM Stratos

Registered To:

██████████, Connie
 ██████████
 ██████████, VA ██████

(540) ████████

Room # 222-A
 Conf # 2802
 Arrival 08/01/13
 Departure 08/04/13
 Group Virginia Line Dance
 Room Type TDB-Two Double
 Guests 2 / 0
 Payment Amex
 Acct XXXX-XXXXX-██████

Posting	Oper	Acct Co	Description	Room	Reference	Amount
08/01/13	Joshua	RC	ROOM CHRG REVENUE			\$87.00
08/01/13	Joshua	9	Transit Occupany Tax (TOT)			\$6.96
08/01/13	Joshua	91	STATE TAX			\$4.61
08/02/13	Joshua	RC	ROOM CHRG REVENUE			\$87.00
08/02/13	Joshua	9	Transit Occupany Tax (TOT)			\$6.96
08/02/13	Joshua	91	STATE TAX			\$4.61
08/03/13	Joshua	RC	ROOM CHRG REVENUE			\$87.00
08/03/13	Joshua	9	Transit Occupany Tax (TOT)			\$6.96
08/03/13	Joshua	91	STATE TAX			\$4.61
08/04/13	Stratos	AX	PAYMENT AMEX		1008 - 195418	\$295.71-

Balance Due	\$0.00
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Guest Signature: _____

I have recieved the goods and/or services in the amount shown hereon. I agree that my liability for this bill is not waived and agree to be held personally liable in the event that the indicated person, company, or associate fails to pay for any part or the the full amount of these charges. If a credit card charge, I further agree to perform the obligations set forth in the cardholder's agreement with the issuer.

Signature _____

VIRGINIA:

IN THE CIRCUIT COURT OF THE COUNTY OF HENRICO

**COMMONWEALTH OF VIRGINIA,
EX REL. MARK R. HERRING,
ATTORNEY GENERAL,**

Plaintiff,

v.

**GRM MANAGEMENT LLC,
a Virginia limited liability company,**

Defendant.

CIVIL ACTION NO. 14-238

CONSENT JUDGMENT

The Plaintiff, Commonwealth of Virginia, by, through and at the relation of the Attorney General of Virginia, Mark R. Herring (the "Commonwealth" or the "Plaintiff"), and the Defendant, GRM Management LLC d/b/a The Richmond Grand Magnuson Hotel, Richmond Magnuson Grand Hotel and Convention Center, and Richmond Magnuson Grand Hotel and Conference Center ("Richmond Magnuson" or the "Defendant"), on behalf of itself, its members, managers, employees, agents, related entities, successors, and assigns, have resolved the matters in controversy between them and have agreed to the terms of this Consent Judgment, as follows:

I. STIPULATED RECITALS

1. The Plaintiff is the Commonwealth of Virginia, by, through and at the relation of Mark R. Herring, Attorney General of Virginia. The Attorney General has statutory authority to enforce violations of the Virginia Consumer Protection Act ("VCPA"), Virginia Code §§ 59.1-196 to 59.1-207, and authority to bring an action to enjoin any violation of Chapter 6, Article 8 of Title 18.2 of the Code of Virginia, including, but not limited to, violations of Virginia Code §