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Hawaii Supreme Court rules in favor of workers in hotel tip case

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The Hawaii Supreme Court certified this morning that hotel service staff can recover money from hotels that collected service charges and kept a portion to pay their administrative costs instead of distributing them to the employees as gratuities.

The decision means that lawsuits filed in U.S. District Court in 2008 by Boston law firm Lichten & Liss-Riordan on behalf of workers at eight Hawaii hotels, including Marriott and Starwood properties can finally move forward.

"We contend that service charges must be paid to employees," said attorney Shannon Liss-Riordan. "When patrons pay service charges, it looks like a gratuity and then they don't tip. We've brought cases like this across the country, but Hawaii is one of three states along with Massachusetts and New York that has an explicit law to address this issue."



The cases, which were the first to test a Hawaii state law which legislators passed in 2000 to prevent hotels and restaurants from keeping gratuities meant for workers, have been hung up in court for years. The cases stalled in 2009 when defense lawyers for the Four Seasons Hotel Ltd. argued that employees couldn't sue under the state law because legislators placed it within an area of consumer protection statutes as opposed to labor and wages statutes. Following the challenge, U.S. District Court Judge Helen Gillmor referred the case to the Hawaii Supreme Court for interpretation.

This latest ruling from the Hawaii Supreme Court means that the pending hotel cases can now move forward and paves the way for potentially thousands of Hawaii service staff to recover remedies from their employers that could total millions of dollars, Liss-Riordan said.

"Altogether, potentially thousands will be affected by the decision that came out today," she said. "The food and beverage industry throughout Hawaii has to recognize that they have to come into compliance with Hawaii state law."