



ATTORNEY GENERAL GEORGE JEPSSEN

ATTORNEY GENERAL REACHES SETTLEMENT WITH HOTELS OVER ALLEGED SCHEME TO FIX PRICE OF HOTEL ROOMS

For Immediate Release

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HARTFORD – Attorney General George Jepsen announced a settlement today with two hotel owners and a hotel management company to end their practice of “call-arounds,” the sharing of confidential, non-public information that allows competitors to fix prices for hotel rooms.

The settlement was reached with two related companies, McSam Hotel Group LLC and Metro Ten Hotel LLC, both of Great Neck, N.Y., and Jamsan Hotel Management, Inc. of Lexington, MA.

McSam owns the Holiday Inn Express and Homewood Suites Hartford Downtown, both on Asylum Street in Hartford. Metro Ten owns the Holiday Inn Express in Waterbury. Jamsan operates that hotel under an agreement with Metro Ten. Sam Chang, a prominent developer of hotels in New York City is the sole member and manager of both McSam and Metro Ten.

The Attorney General’s investigation found that the practice of “call-arounds” allowed competing hotels in close proximity to exchange sensitive competitor information at least once a day about occupancy and current room rates that may be used – and in the case of Waterbury Holiday Inn Express – was used to fix rates for hotel rooms. Fixing rates would violate Connecticut’s antitrust and unfair trade practices act.

“This agreement will end an artificially imposed practice that drove up room rates at certain hotels. The settlement will help to restore a competitive marketplace by providing consumers the opportunity to obtain prices for hotel accommodations that were set by the market, not by collusion.” Attorney General Jepsen said.

The terms of the settlement require the companies together to pay the state a \$50,000 civil penalty and stop “call-arounds” at their three Connecticut hotels, as well as those they own and operate in other states. The companies did not admit liability.

The Attorney General’s investigation uncovered evidence that the practice was “widespread and long-standing in the hotel and hospitality industry, both within Connecticut and nationally.”

This is the second settlement concerning call-arounds reached by the Attorney General’s office. The first was in April, 2010, with the national hotel chain LaQuinta. It agreed to stop the practice in its hotels, but it was not required to pay a civil penalty because of its cooperation early in the investigation.

Assistant Attorneys General Christopher Haddad and Rachel O. Davis handled this case for the Attorney General with Department Head Michael E. Cole of the Antitrust Unit.

View the entire [settlement](#) – (PDF-2MB)

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