

STATE OF COLORADO  
OFFICE OF THE ATTORNEY GENERAL

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ASSURANCE OF DISCONTINUANCE  
IN THE MATTER OF CHOICE HOTELS INTERNATIONAL, INC. RESORT FEES

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This Assurance of Discontinuance (“Assurance”) is entered into between the State of Colorado, *ex. rel.* Philip J. Weiser, Attorney General for the State of Colorado (“the State”) and Choice Hotels International, Inc. The State and Choice are collectively referred to as “the Parties.” This Assurance is entered into pursuant to the Attorney General’s authority under Colo. Rev. Stat. section 6-1-110(2). This Assurance constitutes a settlement between the Parties regarding the allegations described in this Assurance.

**I. Parties**

1. Philip J. Weiser is the Attorney General for the State of Colorado and has jurisdiction to investigate and prosecute violations of the Colorado Consumer Protection Act (“CCPA”), Colo. Rev. Stat. sections 6-1-101, *et. seq.*
2. Choice Hotels International, Inc. (“Choice”) is a Delaware corporation based in Rockville, Maryland that owns and operates hotels including locations in Colorado.

**II. Background**

3. Choice is a hospitality company that, directly and/or through its affiliates and subsidiaries, advertises and offers lodging to consumers at Affiliated Hotels. Choice also advertises and offers reservations at Affiliated Hotels throughout the world; and

(b) allows consumers to search for and secure reservations at Affiliated Hotels directly on Choice US Websites.

4. The State alleges that Choice misrepresented Room Rates, Mandatory Fees, or Total Price in its advertising to consumers by promoting room prices that did not include all Mandatory Fees that would be charged to consumers for a stay at Affiliated Hotels, and that such conduct constitutes unlawful, unfair, and/or deceptive trade practices prohibited by Colo. Rev. Stat. section 6-1-105.

5. Choice denies that it and/or its employees, subsidiaries, operators, licensees, franchisees, and/or owners of the Affiliated Hotels have violated any statute, regulation, decision, or other source of law in connection with the practices described in paragraph 4. Choice maintains that it did not and does not misrepresent Room Rates, Mandatory Fees, or Total Price and clearly disclosed all Mandatory Fees. Nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, or of any other matter of fact or law, or of any liability or wrongdoing except as expressly required by state law.

### III. Definitions

6. For the limited purposes of this Assurance, the following definitions apply:
- a. "Affiliated Hotels" means any Lodging Establishment operating under Choice's brands that are owned, acquired, managed, leased, licensed, and/or franchised by Choice or its hotel lodging subsidiaries.
  - b. "Clear and Conspicuous" or "Clearly and Conspicuously" means a statement that, regardless of the medium in which it is made, is readily

understandable and presented in such size, color, contrast, duration and location, compared to the other information with which it is presented, that it is readily apparent, readable and understandable. An audio statement or disclosure shall be delivered in a volume and cadence sufficient for a consumer to hear and understand the entire statement or disclosure, and not be obscured in any manner by, for instance, music or other background noise. A statement may not contradict or be inconsistent with any other information with which it is presented.

c. “Consumer Protection Law” means the Colorado Consumer Protection Act, Colo. Rev. Stat. sections 6-1-101 to -116.

d. The “Effective Date” of this Assurance is July 17, 2023.

e. “Implementation Date” is as soon as reasonable, but no later than December 31, 2023, taking into account the comprehensive efforts required by Choice to update multiple platforms and systems to ensure complete implementation.

f. “Lodging Establishment” means an inn, hotel, motel, or other similar establishment advertised on Choice US Website(s) that offers accommodations for a fee to transient guests for lodging or sleeping purposes.

g. “Mandatory Fees” means any fee, by any name, which consumers must pay in addition to the Room Rate in order to stay at a Lodging Establishment. For avoidance of doubt, this includes but is not limited to resort fees, destination fees, facility fees, amenity fees, and service fees, so long as they are

mandatory, but does not include amounts required to be collected and passed on to any governmental entity or quasi-governmental entity, such as taxes or government-imposed fees. Mandatory Fees also do not include damage deposits, or optional fees for additional benefits or services, including but not limited to parking fees.

h. "Parties" means the State and Choice, collectively, or individually, as "Party."

i. "Room Rate" means the nightly price that consumers are required to pay for lodging at a Lodging Establishment, exclusive of Mandatory Fees and other amounts collected and passed on to any governmental entity, such as taxes or excise payments or other optional fees.

j. "Total Price" means the sum of at least (a) the Room Rate and (b) all Mandatory Fees.

k. "Choice US Website(s)" means the websites Choice operates to advertise or offer reservations directed to consumers in the United States and the corresponding mobile applications that Choice uses to advertise and offer reservations directed to consumers in the United States.

#### **IV. Application**

7. The provisions of this Assurance apply to Choice and its officers, directors, employees, agents, successors, assignees, merged or acquired entities, parent or controlling entities, and wholly owned subsidiaries in connection with offers of lodging at Affiliated Hotels on Choice US Websites. This Assurance shall not apply

to negotiated, corporate or group Room Rates provided there is a written contract, signed by all parties, that Clearly and Conspicuously discloses all applicable Mandatory Fees to be paid by the contracting party.

#### V. Assurance Terms

8. General - Choice shall not engage in any unlawful, unfair, and/or deceptive trade practices in violation of the Consumer Protection Law with respect to the advertising or offers of Room Rates, Mandatory Fees, or Total Price.

9. In connection with any advertisement or offer, whether written or oral, Choice shall:

a. not make any misrepresentations in connection with the advertising of Room Rates, Mandatory Fees, or Total Price;

b. inform consumers of all material facts, the omission of which would be likely to deceive or mislead consumers, in connection with the advertising of Room Rates, Mandatory Fees, or Total Price; and

c. not mislead consumers regarding Room Rates, Mandatory Fees, or Total Price they will need to pay to obtain lodging.

The Parties agree that, for the purposes of interpreting and enforcing this Assurance, this paragraph shall be interpreted and applied in a manner consistent with the Consumer Protection Law.

10. Most Prominent Display - In any advertisement or offer for lodging at Affiliated Hotels that includes a Room Rate that is created by or disseminated by Choice, Choice shall Clearly and Conspicuously disclose all Mandatory Fees and the Total Price. Additionally, in any written or electronic advertisement or offer that

includes a Room Rate that is created or disseminated by Choice, the Total Price shall be the most prominently displayed price. Nothing contained in this paragraph shall prevent Choice from providing only the Total Price in any advertisement or offer, or separately stating or disclosing in such advertisement or offer the Room Rate and any Mandatory Fees in addition to the Total Price.

11. Choice shall incorporate into appropriate training and guidance materials a requirement that, in any oral offer that includes a Room Rate, the Room Rate shall be accompanied by a Clear and Conspicuous disclosure of all Mandatory Fees and the Total Price.

12. Sort Display - Whenever Choice displays room reservation search results on Choice US Websites, and those results are sorted by price (e.g., lowest to highest price), Choice shall sort the results by the Total Price. For avoidance of doubt, nothing herein shall require Choice to sort room reservation search results by price as the default sort order on Choice US Websites.

13. Taxes Display - In any advertisement, price display, or offer that is created by or disseminated by Choice that includes separate line items reflecting the elements of the price that a consumer will be asked to pay for lodging at an Affiliated Hotel, Choice shall list any Mandatory Fees separately from taxes or other government-imposed fees.

14. Amenity Display - Before a consumer completes the process of booking a room reservation at an Affiliated Hotel through Choice US Websites, Choice shall Clearly and Conspicuously disclose some or all of the goods and services covered by any

Mandatory Fee. Such disclosure may be made, on a tablet or mobile device, via a hyperlink to such disclosure that is in close proximity to the Mandatory Fee. In close proximity to this disclosure, Choice shall also provide the means, through either a telephone number, hyperlink, or other means, where consumers can obtain information regarding the goods and services covered by any Mandatory Fee.

15. If the State receives a consumer complaint related to the terms of this Assurance, the State shall bring such complaint(s) to Choice's attention by forwarding the complaint(s) to the person identified in paragraph 36. Choice shall have 30 calendar days to respond to the complaint, or such other period of time exceeding 30 calendar days as specified by the State, and shall in good faith attempt to resolve any issue(s) identified in the complaint, which shall include providing notice to the State of how the complaint was explained or resolved.

16. Nothing contained herein shall prevent Choice or its Affiliated Hotels from charging Mandatory Fees or from providing only the Total Price in any offer.

#### **VI. Third Party Compliance**

15. Choice shall require that offers of lodging made by operators, licensees, franchisees, and owners of Affiliated Hotels be made in a manner that is consistent with paragraphs 8 through 14 of this Assurance.

16. Choice shall require that franchisees and licensees provide Choice with accurate pricing information including Room Rates, all Mandatory Fees, and descriptions of all amenities and services covered by such Mandatory Fees.

17. When communicating Total Price, Room Rates, Mandatory Fees, or amenities and services covered by Mandatory Fees, Choice may rely on information provided by a franchisee or licensee, unless Choice knows the information provided is misleading or incorrect.

18. If Choice learns that any operator, licensee, franchisee, or owner of its Affiliated Hotels is violating a requirement in paragraphs 8 through 14 of this Assurance, Choice shall take appropriate action in its sole discretion against such operator, licensee, franchisee, or owner. Appropriate action shall be determined by the nature and circumstances of the violation, including, but not limited to, the pattern and/or severity of the conduct, and any corrective action taken by the operator, licensee, franchisee, or owner.

19. Choice shall provide accurate pricing information, including Room Rates, all Mandatory Fees, and the description of some or all of the services and amenities covered by such Mandatory Fees to online travel agencies and other third parties that have entered into an agreement with Choice to provide consumers the ability to make reservations for Affiliated Hotels. When communicating Total Price, Room Rates, Mandatory Fees, or amenities and services covered by Mandatory Fees to third parties, Choice may rely on information provided by a franchisee or licensee, unless Choice knows the information provided is misleading or incorrect.

20. Nothing contained herein shall impose liability on Choice if an advertisement, price display, or offer created by Choice is modified or otherwise displayed,



communicated, or conveyed by a third party in a manner inconsistent with the terms of the Assurance, without Choice's knowledge, direction, or control.

## VII. Release

21. Upon the signing of this Assurance, the State shall release and discharge Choice and its respective officers, directors, employees, agents, merged or acquired entities, parent or controlling entities, affiliates and subsidiaries, and their predecessors, successors, and assignees, from any and all claims, civil causes of action, demands, damages, restitution, penalties, fines, actions, and other causes of action that the State could have brought under the Consumer Protection Law relating to the Covered Conduct prior to the Effective Date of this Assurance. Nothing in this paragraph shall be construed to limit the ability of the State to enforce the obligations that Choice have under this Assurance. Notwithstanding any term of this Assurance, any and all of the following forms of liability are specifically reserved and excluded from the release contained herein as to any entity or person:

- a. Any criminal liability that any person or entity, including Choice, have or may have to the State of Colorado;
- b. Any civil or administrative liability that any person or entity, including Choice, has or may have to the State of Colorado under any statute, regulation or rule not expressly covered by the release contained herein, including but not limited to, any and all of the following claims:
  - i. State or federal antitrust violations;
  - ii. State or federal securities violations; or

- iii. State or federal tax claims.

### VIII. Meet and Confer

22. Within twenty (20) days of the Effective Date, Choice shall designate a person or persons who the State may contact regarding any concerns about disclosures or representations regarding Total Price, Room Rates or Mandatory Fees. Consistent with Choice's legal obligations to safeguard the confidential or proprietary information of consumers and third parties, Choice shall respond to any information or requests provided by the State within a reasonable period of time and shall cooperate in good faith with the State, including investigating any reports of alleged misleading representations regarding Total Price or Mandatory Fees that it receives from the State.

23. If the State determines that Choice failed to comply with any of the terms of this Assurance, and if in the State's sole discretion the failure to comply does not threaten the health or safety of the citizens of Colorado and/or does not create an emergency requiring immediate action, the State exercising such discretion shall notify Choice in writing of such failure to comply and Choice shall then have thirty (30) days from receipt of such written notice to provide a good faith written response to the State. The response shall include, at a minimum, either:

- a. a statement explaining why Choice believes it is in full compliance with this Assurance; or
- b. a detailed explanation of how the alleged violation(s) occurred, and either

- i. a statement that the alleged violation has been addressed and how, or
- ii. a statement that the alleged violation cannot be reasonably addressed within thirty (30) days from receipt of the notice, but
  - 1) Choice has begun to take corrective action to address the alleged violation,
  - 2) Choice is pursuing such corrective action with reasonable diligence, and
  - 3) Choice provided the State with a detailed and reasonable timetable for addressing the alleged violation.

Nothing herein shall prevent the State from agreeing in writing to provide Choice with additional time beyond the thirty (30) day period to respond to the notice provided pursuant to this paragraph.

24. Nothing herein shall be construed to exonerate any failure to comply with any provision of this Assurance after the Effective Date, or to compromise the authority of the State to initiate a proceeding for any failure to comply with this Assurance.

#### **IX. General Provisions**

25. The requirements of paragraphs 8 through 20 shall come into effect on the Implementation Date, except that following a merger or acquisition by Choice of another lodging company or operation, Choice shall have until the later of the Implementation Date or six (6) months, subject to extension upon agreement of the

State, which agreement shall not be unreasonably withheld, following the date of closing of the merger or acquisition in which to bring the newly acquired properties into compliance with the requirements of the aforementioned paragraphs.

26. No Admission - This Assurance is a compromised settlement of disputed issues and shall not be deemed or construed as: (a) an admission of the truth or falsity of any claims or allegations heretofore made or any potential claims; (b) an admission by Choice that it has violated or breached any law, statute, regulation, term, provision, covenant or obligation of any agreement, decision, or other source of law; or (c) an acknowledgment or admission by any of the Parties of any duty, obligation, fault, or liability whatsoever to any other Party or to any third party. This Assurance does not constitute a finding of law or fact, or any evidence supporting any such finding, by any court or agency that Choice engaged in any act or practice declared unlawful by any laws, rules, or regulations of any state. Choice denies any liability or violation of law and enters this Assurance without any admission of liability. To the extent that Choice makes changes to its advertising or business acts, practices, policies, procedures, or materials to achieve or to facilitate conformance with this Assurance, the changes shall not be taken as or construed to be an admission by Choice or its owners, franchisees, licensees, or any entity affiliated with its Lodging Establishments and/or Affiliated Hotels, of any kind, and shall not constitute or be used as evidence of the State allegations of facts, Choice's violation of any law, rule or regulation, or liability or wrongdoing, including an admission by Choice that any of its advertising or business acts, practices, policies, procedures, or materials are or have violated any state law or regulation. It is the Parties' intent that this Assurance

not be used as evidence or precedent in any action or proceeding, except an action to enforce this Assurance. This Assurance may only be enforced by the Parties.

27. This Assurance does not supplant or in any way restrict Choice's legal rights and ability to demand formal legal process to protect its consumers' privacy rights and/or to protect Choice from potential liability for disclosing or sharing such information without legal process. In all other respects, Choice hereby accepts and expressly waives any defect in connection with such service of process issued to Choice by the State related to this Assurance.

28. This Assurance is entered into voluntarily by Choice as its own free and voluntary act, without trial or adjudication of any issue of fact or law or finding of liability of any kind, and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed upon it by this Assurance, and Choice consents to its entry without further notice. Further, this Assurance is the result of good faith negotiations, and the terms are fair and reasonable.

29. Choice shall not cause or encourage third parties, or knowingly permit third parties acting on its behalf, to engage in acts or practices from which Choice is prohibited by this Assurance. For the avoidance of doubt, Choice would not violate this provision if it provides information in the ordinary course of business to third parties, and such third parties, on their own accord, display the information on their respective sites in a manner inconsistent with this Assurance without Choice's knowledge, direction, or control.

30. This Assurance represents the full and complete terms of the settlement entered by the Parties. In any action undertaken by the Parties, neither prior versions of this Assurance nor prior versions of any of its terms that were not entered by a Court or agreed to by any Party may be introduced for any purpose.

31. To seek modification of this Assurance to account for changes in technology or in the marketplace, or for any other reason, Choice may send a written request for modification with a detailed explanation to the State. The State shall give such written request reasonable consideration and shall agree to meet and confer in good faith with Choice within thirty (30) days of receiving such request. A resolution of such meet and confer efforts may include, but not be limited to, equitable modifications or suspension of certain terms in this Assurance. At the conclusion of this thirty (30) day period, Choice reserves all rights to pursue any legal or equitable remedies that may be available. The State acknowledges that it does not intend to cause Choice to be at a material economic disadvantage as compared with other industry members whose business practices do not conform to the State's expectations under the terms of this Assurance.

32. No waiver, modification, or amendment of the terms of this Assurance shall be valid or binding unless made in writing, signed by all Parties, and then only to the extent set forth in such written waiver, modification, or amendment. To the extent that state law requires a waiver, modification, or amendment of this Assurance to be approved and entered by a Court, the State and Choice agree to use their best efforts to obtain Court approval.

33. The State shall not take any action to enforce the terms of the particular provision for which a modification is being requested, other than for prior violations of said terms, with respect to such waiver, modification, or amendment while the Parties are seeking Court approval of the same, if required. In the event that Court approval and entry of a waiver, modification or amendment of this Assurance is required under state law and the Court does not approve such waiver, modification or amendment, said waiver, modification, or amendment shall be null and void as to the State of Colorado; provided, however, nothing herein shall be construed to prohibit or otherwise restrict any party's right to seek reconsideration or review of, or to appeal a decision not to approve, such waiver, modification, or amendment.

34. Nothing in this paragraph shall limit the State from pursuing any action against Choice for failure to comply with this Assurance, nor shall it release liability for any violations prior to or during the waiver, modification, or amendment period.

35. This Assurance may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect as, an original signature.

36. All notices sent pursuant to this Assurance should be sent via first class and electronic mail as follows unless a different address is specified in writing by the party changing such address:

a. For Choice:

Stuart M. Kreindler  
Assistant General Counsel  
1 Choice Hotels Circle  
Rockville, MD 20850  
P: 301.592.6195  
Stuart.Kreindler@choicehotels.com

b. For the State:

Brady Grassmeyer  
Assistant Attorney General  
Colorado Department of Law  
1300 Broadway, 7<sup>th</sup> Floor  
Denver, Colorado 80203  
P: 720-508-6263  
Brady.grassmeyer@coag.gov

34. Any failure by any Party to this Assurance to insist upon the strict performance by any other party of any of the provisions of this Assurance shall not be deemed a waiver of any of the provisions of this Assurance, and such Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Assurance.

35. If any provision of this Assurance other than paragraph 21, is held unenforceable for any reason whatsoever, such unenforceability shall not affect any other provision of this Assurance and this Assurance shall be construed and enforced as if such unenforceable provision had not been contained herein. If any provision of this Assurance is held unenforceable for any reason whatsoever against any party,



such provision of this Assurance shall be unenforceable against any other party that enters a substantively identical Assurance with the State.

36. Nothing in this Assurance shall be construed as relieving Choice of the obligation to comply with all local, state, and federal laws, regulations, or rules, nor shall any of the provisions of this Assurance be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

37. Nothing in this Assurance shall be construed to confer or limit any private right of action that a consumer, person, or entity, or any cause of action that a local, state, federal, or other governmental entity, may hold against Choice and/or its franchisees or licensees. Nothing in this provision shall be interpreted to permit multiple recoveries for the same harm or conduct.

38. Choice shall not participate, directly or indirectly, in any activity or practice, or form a separate entity or corporation for the purpose of engaging in acts or practices in whole or in part, that are prohibited in this Assurance or for any other purpose that would otherwise circumvent any part of this Assurance or the spirit or purposes of this Assurance.

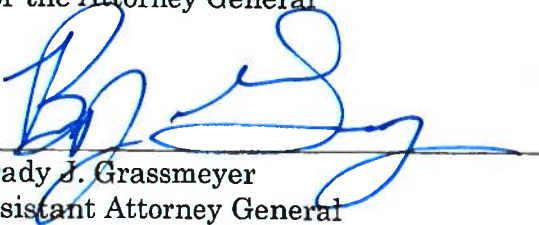
**WHEREFORE**, intending to be legally bound, the Parties have hereto set their hands and seals.

Dated this 17th day of July, 2023.

For the State:

Philip J. Weiser

For the Attorney General



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