

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



In the Matter of IHG Management
(Maryland) LLC

SETTLEMENT AGREEMENT

The Attorney General for the District of Columbia, on behalf of the District of Columbia (“District”), and Respondent IHG Management (Maryland) LLC (“IHG” or “the Company”) (together, the “Parties”), hereby enter into this Settlement Agreement, and agree as follows:

I. THE PARTIES

1. The Attorney General for the District of Columbia is the chief legal officer for the District of Columbia. The Attorney General has general charge and conduct of all legal business of the District and all suits initiated by and against the District and is responsible for upholding the public interest.

2. IHG is a Maryland limited liability company that has its headquarters at Three Ravinia Drive, Suite 100, Atlanta, GA, 30346-2121. From October 2020 through May 2023, IHG operated the restaurant Moon Rabbit at the InterContinental Hotel on the Wharf at 801 Wharf Street SW, Washington, DC 20024 (“Hotel”).

II. COVERED CONDUCT

3. The District investigated IHG’s compliance with the Minimum Wage Revision Act (“MWRA”), D.C. Code § 32-1001, et seq., from October 2020 through the present.

4. The District alleges that from October 2020 through May 2023, IHG paid certain Moon Rabbit workers the “tipped minimum wage” as defined by D.C. Code § 32–1003(f)(1-3) while inadvertently failing to provide these workers with notice of its tip-sharing policy as required by D.C. Code § 32–1003(g)(1)(C).

5. IHG denies the District’s allegations. Nothing contained in this Settlement Agreement is or may be construed to be an admission by IHG of any violation of law or regulation, any other matter of fact or law, or any liability or wrongdoing.

III. DEFINITIONS

6. “**Effective Date**” shall be the date this Settlement Agreement is fully executed by all parties.

7. “**Eligible Individual**” is a worker listed in Appendix A to this Settlement Agreement.

IV. INJUNCTIVE TERMS

8. **Compliance with District Law.** IHG agrees to comply with the MWRA.

9. **Reporting:** IHG shall submit an Annual Report to the District for the one-year period following the Effective Date that identifies all workers paid the “tipped minimum wage” as defined by D.C. Code § 32–1003(f)(1-3) who performed work for IHG in the District of Columbia during the preceding year, providing copies of their pay records for the covered period including any disclosures or postings regarding IHG’s tip-sharing policies, and including a signed certification from a corporate representative attesting to compliance with the MWRA. The Company shall submit this report to the District pursuant to Paragraph 18 of this Agreement no later than thirteen calendar months after the Effective Date.

10. **Corrective Action.** If the Company becomes aware, through an audit or other source, that it is in violation of the MWRA, the Company shall take action to correct any confirmed violations within fourteen (14) business days to ensure it comes into compliance, and the Company shall pay restitution, if any, to any affected worker to remedy the violation.

V. PAYMENT TERMS

11. **Payments to Eligible Individuals.** The Company shall make payments totaling **\$126,650** directly to Eligible Individuals as set forth in Appendix A via either direct deposit or check, as the Company deems appropriate in its sole discretion. The Company shall pay this amount subject to all applicable withholding taxes. The Company shall be responsible for distribution of these payments and will manage the distribution as follows:

- a. *Distribution of Notice and Release of Claims Form.* Within 14 days after the Effective Date, the Company shall send electronically, by mail, or provide in hard copy form to all Eligible Individuals a Notice and Release of Claims Form (the “Notice/Release Form”) attached as Appendix B. For any Eligible Individual who does not reply to the electronic communication or hard copy distribution of the Notice/Release Form, the Company shall make one additional attempt to contact those Eligible Individuals at the individual’s last known phone, text, or email and provide them with the Notice/Release Form within 14 days after the Effective Date. The Notice/Release Form provides Eligible Individuals with a summary of this settlement and provides Eligible Individuals an opportunity to opt in or opt out of receiving a payment under this Settlement Agreement in exchange for agreeing to release the Company and all Company Released Parties (as defined below) from claims the Eligible Individual may have arising out of the MWRA. Eligible Individuals shall have 14 days from the date of receiving the Notice/Release Form to opt in or out of receiving a payment under this Settlement Agreement. The last day upon which an Eligible Individual is permitted to submit the Notice/Release Form is hereinafter referred to as the “Claims Deadline.”
- b. *Distribution of payments.* Within 30 days after the Claims Deadline, the Company will distribute payments by check or direct deposit to each Eligible Individual who has executed a Notice/Release Form.

Records and Reporting. The Company shall maintain a “Claims Ledger” that documents (a) contact attempts made to each Eligible Individual by the Company, (b) whether Eligible Individuals have opted in or opted out of receiving payments, and (c) payments made to and cashed by Eligible Individuals. Within 60 days after

the Claims Deadline, the Company will produce the Claims Ledger to the District and copies of executed Notice/Release Forms.

- c. *Eligible Individuals Who Opt-Out of the Notice/Release Form.* For all Eligible Individuals who affirmatively opt out of receiving payments, the Company's obligation to pay the amount listed in Paragraph 11 of this Agreement shall be reduced by the Eligible Individual's amount due as set out in Appendix A (such amounts shall also not be considered "Undistributed Funds" as defined in Paragraph 11(e)). The Company shall provide the District with records documenting Eligible Individuals' decisions to opt out of receiving payments within 60 days of the Claims Deadline.
- d. *Undistributed Funds.* The term "Undistributed Funds" refers to any amounts either (i) due to Eligible Individuals who do not opt in or out to receiving a payment or (ii) are not cashed by an Eligible Individual within 90 days of the date of payment. The Company shall notify the District of the amount of Undistributed Funds by no later than 150 days after the Claims Deadline. The Company shall then make a payment to the District in the amount of the Undistributed Funds without any tax withholdings by no later than 150 days after the Claims Deadline.

12. **Payment to the District.** In addition to the payments described in Paragraph 11, the Company shall also pay **\$60,000** to the District as a civil penalty within forty-five (45) days of the Effective Date.

13. All payments to the District shall be made by check made payable to "D.C. Treasurer" and delivered to Mina Kasama, Office of Attorney General for the District of Columbia, 400 6th Street NW, 10th Floor, Washington, DC 20001, unless another method of payment is specified by the District.

VI. RELEASE

14. In exchange for the performance of the Company's obligations under this Settlement Agreement, and upon payment of all amounts due under this Agreement, the District hereby releases and forever discharges the Company and its respective shareholders, members, parent entities, sister entities, and related and/or affiliated entities from any and all civil claims that the District could have asserted under the MWRA relating to the Covered Conduct (see Section II

of this Settlement Agreement) through the Effective Date of this Settlement Agreement.

VII. ADDITIONAL TERMS

15. This Settlement Agreement shall be considered effective and fully executed on the Effective Date. This Settlement Agreement may be executed in counterparts, and a facsimile, DocuSign, or .pdf signature shall be deemed to be, and shall have the same force and effect, as an original signature. Copies of signature pages transmitted electronically shall have the same effect as originals of those signature pages.

16. IHG shall not knowingly permit third parties authorized by IHG to act on its behalf to engage in practices that would be violative of this Settlement Agreement.

17. This Settlement Agreement 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 Settlement Agreement nor prior versions of any of its terms may be introduced for any purpose whatsoever.

18. All notices sent pursuant to this Settlement Agreement shall be provided to the following address via first class and electronic mail, unless a different address is specified in writing by the party changing such address:

Graham Lake
Chief, Workers' Rights and Antifraud Section
Office of the Attorney General
400 6th St., NW, 10th Floor
Washington, D.C. 20001
Graham.Lake@dc.gov

Counsel for the District of Columbia

A. Scott Hecker
Seyfarth Shaw LLP
975 F Street, N.W.
Washington, D.C. 20004
shecker@seyfarth.com

Counsel for IHG


19. Any failure by any party to this Settlement Agreement to insist upon the strict performance by any other party of any of the provisions of this Settlement Agreement shall not be deemed a waiver of any of the provisions of this Settlement Agreement, 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 Settlement Agreement.

20. If any clause, provision, or section of this Settlement Agreement shall, for any reason, be held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other clause, provision, or section of this Settlement Agreement and this Settlement Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or other provision had not been contained herein.

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

22. IHG shall not 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 Settlement Agreement.


BRIAN L. SCHWALB
Attorney General for the District of Columbia



Graham Lake
Chief, Workers' Rights and Antifraud Section
Office of the Attorney General
400 6th St., NW, 10th Floor
Washington, D.C. 20001

Date: 8/13/2024

Counsel for the District of Columbia



IHG Signatory
Rani Hammond, Senior Vice President

Date: 08/02/2024