

Suit says Ritz illegally keeps some tip money

By Sacha Pfeiffer, Globe Staff | January 11, 2007

A group of Ritz-Carlton banquet servers in Boston has filed a class-action lawsuit that accuses the hotel company of breaking state wage law by failing to pay them the full 21 percent service fee charged to all private parties.

The banquet servers receive 14.5 percent of the mandatory fee, which for years has been added to the food and beverage bills for weddings, parties, and other functions held at the Arlington Street hotel. The remaining 6.5 percent is used by the hotel to offset expenses.

The complaint, filed yesterday in Suffolk Superior Court, is the most recent in a series of so-called tip cases filed by service workers who allege employers are depriving them of compensation by withholding tips, which are sometimes distributed to other staff members, including managers.

In the Ritz case, banquet workers contend that customers often think the charge is a tip for servers, though nearly a third of it is kept by the hotel. As a result, banquet staff are routinely tipped less than many patrons are aware -- and less than some patrons intend them to be, the servers say.

"Customers are led to believe that the gratuity is a nice 21 percent tip, but only part of that is going to the employees who serve the food and beverages," said Boston attorney Shannon Liss-Riordan, who filed the suit. "So customers are very unlikely to tip on top of that because 21 percent is already considered a good gratuity."

The Ritz-Carlton did not return a call seeking comment yesterday.

Eight plaintiffs are named in the complaint, including one who has worked for the Ritz since 1979 and five who have worked there since 1981.

The servers receive a base pay of about \$8 an hour, and the 21 percent fee has been in effect for as long as they have been Ritz employees, Liss-Riordan said.

The servers argue that the full fee should be distributed to them.

Liss-Riordan has filed about 20 similar suits in recent years against restaurants, hotels, and country clubs. But she described the disparity between the portion of the Ritz fee paid to banquet workers and the portion kept by the hotel as "unusually large." Typically, mandatory fees are about 18 percent, of which 15 percent goes to servers, she said. Or, in other instances where the fee is 21 percent, servers usually keep 18 percent, she said.

Massachusetts law requires that all proceeds from tips, gratuities, and service charges that are added to bills be distributed to wait staff. The law prohibits restaurant owners from distributing the money to other employees, including managers, even if they also serve food and beverages.

The suit targets only the Ritz's Arlington Street location. Liss-Riordan filed a similar suit against the Ritz on Boston Common in 2004; that suit has been settled, but details were not available.

Today, the Arlington Street Ritz will become the Taj Boston, a name change that follows the purchase of the hotel in November for \$170 million by Mumbai-based Taj Hotels Resorts and Palaces.

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