

Class Action

Feb. 4, 2026

## Hilton reaches \$12M settlement with San Francisco banquet workers

After 12 years of litigation, San Francisco Union Square Hilton agreed to a \$12 million class action settlement proposing to resolve claims it withheld mandatory banquet service charges from servers and bussers.



*Shannon Liss-Riordan*

Hundreds of current and former banquet workers at the San Francisco Union Square Hilton reached a proposed \$12 million class action settlement after 12 years of litigation that claimed the hotel unlawfully withheld mandatory service charges that employees say should have been treated as tips.

Hilton denied wrongdoing, arguing that banquet contracts contained disclaimers stating service charges were not intended as gratuities, but agreed to settle to avoid the risks and expense of trial.

The proposed settlement, filed in federal court in Oakland on Jan. 30, wraps up litigation about whether Hilton properly distributed service fees added to customer banquet and event bills.

Attorneys for the workers plan to seek up to 25% of the settlement fund in fees, plus expenses, and a service award of up to \$20,000 for the lead plaintiff.

A fairness hearing will be scheduled later in 2026 to determine whether the settlement should receive final approval.

“The settlement follows twelve years of extremely active and highly contested litigation,” an attorney for the plaintiffs, Shannon Liss-Riordan from the Boston-based law firm Lichten & Liss-Riordan PC, wrote in an unopposed motion for settlement approval.

The settlement comes amid financial uncertainty surrounding the Union Square Hilton, Liss-Riordan said. At the time of mediation, the hotel was in court-ordered receivership, and Hilton warned that proceeding to trial could jeopardize a pending sale and potentially force closure.

“The sale of the hotel was in jeopardy if the case proceeded to trial, and without the sale, Hilton conveyed that the hotel was likely to close,” Liss-Riordan wrote. “Not only would this outcome have resulted in the class not being paid their alleged damages at trial, but class members who currently work at the hotel also would have lost their jobs.”

“The settlement was the result of thorough and passionate negotiations by experienced counsel familiar with the applicable law, class action litigation, and the facts of this case,” Liss-Riordan added.

An attorney for Hilton, Kelsey A. Israel-Trummel of Jones Day, wrote in a Jan. 27 status report, “The parties reached a settlement-in-principle fully resolving this action, executed a memorandum of understanding, and are working diligently to finalize and execute a long-form settlement agreement in the coming days.”

The lawsuit alleged the hotel violated California Labor Code Section 351, which requires gratuities to be paid in full to service employees. *Chirard et al. v. Hilton Worldwide LLC et al.*, 4:14-cv-01523 (N.D. Cal., filed Apr. 2, 2014).

The plaintiffs claimed Hilton imposed automatic gratuity charges on food and beverage sales during banquets but failed to direct proceeds to the workers who provided the service, instead retaining part of the money and using some to pay managers or other nonservice staff.

Under the proposed agreement, Hilton has committed to pay \$12 million in a non-reversionary fund benefiting approximately 1,100 servers and bussers who worked banquet events at the hotel between January 2010 and the date of preliminary approval, according to plaintiffs’ motion.

In the settlement motion, Liss-Riordan said the agreement represents nearly 70% of the estimated \$17.3 million in tips that were not paid to the relevant service workers as calculated during discovery.

The case had been scheduled for trial in early 2026 before U.S. District Judge Jeffrey S. White, but the parties reached a deal after renewed mediation efforts with employment mediator Michael Loeb, Liss-Riordan said.

The plaintiffs also filed a Third Amended Complaint after the settlement naming banquet worker Baikuntha Khanal as the operative plaintiff.

According to the settlement motion, the amendment was a procedural step required to ensure the proper class representative was before the court as the settlement moves toward final approval.

Khanal had previously agreed to dismiss during discovery to streamline the case but remained instrumental in the litigation, according to the settlement motion, including serving as lead plaintiff when the case went to the 9th U.S. Circuit Court of Appeals and continuing through mediation and settlement negotiations.

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