



OFFICE OF THE CITY ATTORNEY
ROCKARD J. DELGADILLO
CITY ATTORNEY

REPORT NO. **R 05-0066**
FEB 15 2005

REPORT RE
APPROVAL OF OUTSIDE COUNSEL FOR
City of Los Angeles, California, on behalf of itself
and all others similarly situated v. Hotels.com, L.P., et al. BC326693

Honorable Budget and Finance Committee
City of Los Angeles
200 North Spring Street
Room 1010
Los Angeles, CA 90012

Honorable Members:

This report seeks the Council's approval of a contract with the law firm of Kiesel Boucher & Larson to represent the City in its lawsuit against various Internet hotel-booking companies. The representation will be supervised by the City Attorney's Office.

The City Attorney's Office (the Office) recently became aware of the fact that various Internet-based hotel booking companies were failing to remit to the City the full and proper amount of Transient Occupancy Tax due the City relative to the hotel room occupancies those companies were selling. The companies would pay taxes based on the wholesale rate of the rooms, instead of on the retail rate of the rooms. It was clear that the loss of revenue to the City, based on this shortage, could amount to millions. The Office learned that the law firm of Kiesel Boucher & Larson had studied this phenomenon and was well qualified to represent the City in the tax, damages calculations, and other legal issues that would be involved in litigation over the matter.

The law firm has agreed that its compensation in this representation would be on a contingency basis; the firm would receive attorneys' fees in the amount of fifteen percent (15%) of any gross recovery received by the City through settlement, arbitration, court judgment or otherwise. If the City does not recover under this litigation, there will be no payment to the firm for attorneys' fees. The City would agree




to pay litigation costs advanced by the firm up to an annual cap of \$250,000 and a total cap of \$500,000.

Recommendation. Based on the foregoing, the Office of the City Attorney recommends that you approve, and authorize the City Attorney to enter into, a contract with Kiesel Boucher & Larson.

Very truly yours,

ROCKARD J. DELGADILLO, City Attorney

By 
TERREE BOWERS, Chief Deputy City Attorney