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# NYC Hotel Can Keep Arbitration Win In Severance Dispute

By **Emily Brill**

Law360 (January 31, 2024, 7:09 PM EST) -- A Manhattan hotel does not need to give additional severance pay to a group of union-represented banquet servers laid off during the COVID-19 pandemic, a New York federal judge has ruled, confirming an arbitrator's holding that the hotel calculated the servers' payouts appropriately.

In an **opinion issued Tuesday**, U.S. District Judge Paul Engelmayer said arbitrator Elliott Shriftman properly grounded his award in the language of a 2019 contract between the Grand Hyatt and the servers' union, the New York Hotel and Motel Trades Council.

The dispute asked whether the banquet servers were entitled to double the number of severance days as their nontipped colleagues.

The servers argued that they were, citing a settlement to a prior legal fight over severance calculations. Grand Hyatt argued that they were not, citing an industrywide agreement governing work conditions for union-represented New York City hotel employees.

Though Grand Hyatt agreed that tipped workers like the servers are owed more severance pay than their nontipped colleagues, the hotel said it calculates the enhanced payouts by doubling the tipped workers' base rate of pay, not the number of severance days they're entitled to.

If the hotel doubled both the pay rate and the number of days, tipped workers would receive four times the severance pay that nontipped workers receive, "as opposed to the standard doubling that the IWA requires," the hotel argued.

Shriftman agreed with the hotel in his **April arbitration award**, adopting Grand Hyatt's interpretation of a sentence in a 2019 contract between the hotel and the servers' union. Determining the meaning of the sentence, which references the IWA and is referenced in the settlement, was necessary to resolve the dispute.

The sentence states that "all tipped employees shall get paid twice the aforementioned number of days of enhanced severance pay, calculated in accordance with the formula in IWA Article 52." The servers urged Shriftman to place more weight on the former clause, while the hotel said the latter was more important.

Shriftman sided with the hotel, saying the sentence's "express tie-in to Article 52's severance pay calculation formula" was significant, considering that portion of the IWA lays out the preferred method for doubling tipped workers' severance. Judge Engelmayer found that this was a valid interpretation of the sentence.

"There is force to the argument that the banquet servers' alternative construction is superior," Judge Engelmayer said. "But even so, insofar as the award's contract construction was explicitly anchored in the contract text, the court does not have a charter to vacate the award."

Judge Engelmayer thus granted the hotel's motion to confirm the award and tossed the servers' bid to vacate it.

The servers' lawsuit had originally named the New York Hotel and Motel Trades Council as a

defendant as well, but the servers **agreed to drop the union** from the litigation in July.

Representatives of the parties did not immediately respond to requests for comment Wednesday.

The servers are represented by Daniel J. Kaiser of Kaiser Saurborn & Mair PC.

Grand Hyatt is represented by Jaclyn K. Ruocco of Ellenoff Grossman & Schole LLP.

The case is Platero et al. v. Grand Hyatt, case number 1:22-cv-08680, in the U.S. District Court for the Southern District of New York.

--Editing by Leah Bennett.

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