

# Leisure Law Insider (Vol. 10) - May 2026

May 2026

By [Ronald S. Kornreich](#), [Joshua D. Bernstein](#), [Joseph L. Brasile](#), [Jennifer Cohen Glasser](#), [Darryl R. Graham](#), [Benjamin Joelson](#), [Jennifer M. Kramer](#), [Tamara Savin Malvin](#), [Thomas Y. Mandler](#), [Daniel Miktus](#), [Kathleen M. Prystowsky](#), [Tara L. Raghavan](#), and [Wayne A. Selogy](#)



Welcome to the latest edition of Leisure Law Insider! Released quarterly, we cover the latest news and developments in leisure and hospitality law, regulation, and policy. Expect content on hotels, franchising, labor and employment, licensing, branding, and more, with our insights and analysis on why this news matters to you. If you have suggestions or questions about the newsletter, email us at [LeisureLawInsider@akerman.com](mailto:LeisureLawInsider@akerman.com).

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- [The Shifting Landscape of Joint Employer Liability and the Proposed American Franchise Act](#)
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## the Selection of an Arbitrator in Hospitality Industry Disputes

- Court Rules That Information Disclosed by Layperson to AI Tools Is Not Protected by Attorney-Client or Work-Product Privileges
- Unlocking Value: Key Drivers of EBITDA Multiples in Hotel Management Company Transactions
- Akerman at the 2026 AHIA Spring Meeting!



CLICK TO PLAY **COMMON ELEMENTS**

### Upcoming and Recent Events

- The Hospitality Sector Team will attend the 2026 NYU International Hospitality Investment Forum (NYU IHIF) Law conference on May 31 – June 2, 2026, in New York City, New York. NYU IHIF convenes the institutional investors, owners, developers, and operators shaping the future of hospitality capital markets. We'll see you there!

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## Navigating Construction Contract Risks in Hotel Repositioning Projects

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### **KEY TAKE**

*Hotel development is now dominated by renovations and brand conversions, far exceeding new construction activity. This shift fundamentally changes the risk profile and contract needs of projects.*

Hotel development in the United States is increasingly centering on renovations and brand conversions, rather than new, ground-up

construction. Developers are repositioning existing assets to capture brand premiums, comply with property improvement plans (PIPs), or renovate aging properties in competitive markets. Industry data illustrates the scale of this shift: Lodging Econometrics reported that in Q2 2025, new project announcements totaled 27,101 rooms. On the other hand, renovations and brand conversion announcements totaled 259,495 rooms in the same quarter.

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## The Shifting Landscape of Joint Employer Liability and The Proposed American Franchise Act

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### **KEY TAKE**

*Although the joint employer liability pendulum has swung to be more employer favorable, the franchise industry hopes that the AFA will establish pro-employer definitions that will not be subject to the swinging pendulum.*

Under certain circumstances, one employer can be liable to the employees of a second employer if the second employer violates the rights of its employees. That concept is referred to as *joint employer liability*, and it depends on the degree of control that the first employer possesses over the second employer's employees. The legal standard of what amount of control is necessary to prove joint employer liability has swung back and forth like a pendulum.

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## How Alleged Conflicts of Interest and Partiality of Arbitrators Are Resolved in the Context of the

# Selection of an Arbitrator in Hospitality Industry Disputes

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## **KEY TAKE**

*JAMS and AAA rules require arbitrators to disclose any circumstances that could raise doubts about impartiality—parties should scrutinize these disclosures carefully at the outset.*

Hotel management agreements (HMAs) and franchise agreements (FAs) often contain dispute resolution provisions mandating that the owner and manager, or the franchisor and franchisee, arbitrate any disputes between the parties. The business of hospitality is unique and specialized, and so too are its laws — such that the parties negotiating those HMAs and FAs often demand that the arbitrator have sufficient knowledge of the legal nuances of the hospitality industry. As such, HMAs and FAs frequently have strict eligibility requirements for arbitrators in these instances.

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# Court Rules That Information Disclosed by Layperson to AI Tools Is Not Protected by Attorney-Client or Work-Product Privileges

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## **KEY TAKE**

*Information a layperson shares with an AI tool (e.g., ChatGPT, Claude) is not protected by attorney-client privilege because the AI is not a lawyer and no legal relationship exist.*

On Tuesday, February 10, 2026, U.S. District Judge Jed S. Rakoff, from the Southern District of New York (Manhattan), ruled that information provided to an AI tool was not privileged and therefore

discoverable, even after the client provided the search results to counsel.

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## Unlocking Value: Key Drivers of EBITDA Multiples in Hotel Management Company Transactions

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*Manuel Bremont is a Managing Director at Ankura based in Dallas. He brings over 18 years of experience in real estate, hospitality, tourism and other leisure products across the U.S., Latin America, the Caribbean and*

*Europe. His advisory expertise is broad and includes market and feasibility analysis, strategic planning, operational diagnostics, interim/asset management, due diligence, restructuring, litigation support and M&A.*

In the dynamic world of hospitality mergers and acquisitions, EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) multiples serve as one of the yardsticks for valuing hotel management companies. These firms, ranging from global brands like Marriott International and Hilton Worldwide to third-party operators such as Aimbridge Hospitality, Highgate, and Pyramid Global Hospitality (the largest operators by number of rooms in 2024<sup>[1]</sup>), operate in an asset-light model that generates recurring revenue through management fees, incentive payments, and ancillary services. Unlike hotel property owners, whose valuations often hinge on real estate cap rates (typically 6-10%), lodging management companies command premiums for their scalable, high-margin cash flows.

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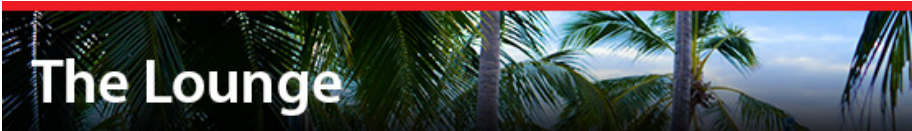
# Akerman at the 2026 AHIA Spring Meeting!

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Kathleen Prystowsky spoke on a panel titled “When Management Agreements Go Bad,” at the 2026 AHIA Spring Meeting, hosted by the Academy of Hospitality Industry Attorneys (AHIA). She highlighted the key areas of disagreement in hotel management agreements and offered practical

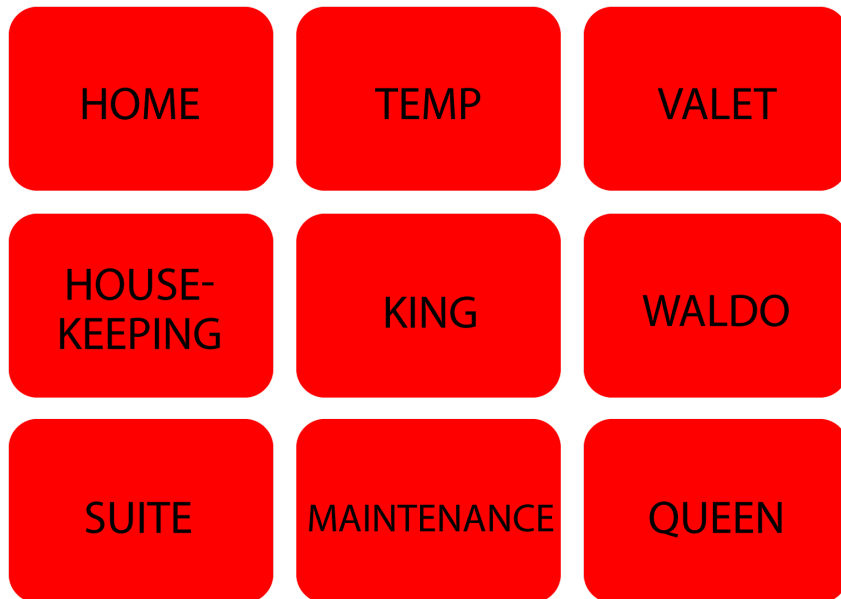
paths to resolution. AHIA is a specialized, national non-profit association of experienced attorneys focused on legal issues in the travel, tourism, restaurant, and hospitality industries. Founded in 1997, AHIA provides networking, education, and resources to help members navigate legal challenges in hotels, casinos, and related sectors.



## **Common Elements Puzzle**

Create three groups of three from the nine entries below. Each entry may be used only once, and each group is connected by a shared word, phrase, or theme. Hint: all three groups relate to the hospitality industry. The first five readers who solve it correctly

will receive a special Akerman gift!



Please send your answers to [LeisureLawInsider@akerman.com](mailto:LeisureLawInsider@akerman.com) by Friday, June 5, 2026.

Congratulations to the winners of last's edition's puzzle! The answers were: TURNDOWN, ROOM, SELECT – SERVICE; SPRING, COURT, FAIR – START OF MARRIOTT BRANDS; GROUP, RACK, MEMBER – RATES

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## The Leisure Law Insiders – Issue #10



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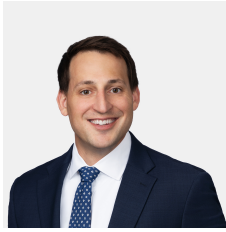
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**Savin  
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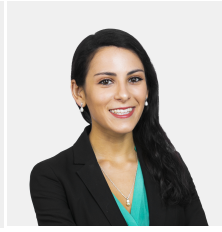
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Leisure Law Insider is brought to you by the  
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