

NO. 08-10-19528

STATE OF TEXAS,  
Plaintiff,

v.

REENA HOSPITALITY CORP.  
D/B/A SUPER 8 BROOKSHIRE;  
SURESHCHANDRA B. PATEL; and  
NAYAN S. PATEL,  
Defendants.

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IN THE DISTRICT COURT OF

WALLER COUNTY, TEXAS

155<sup>th</sup> JUDICIAL DISTRICT

**PLAINTIFF'S ORIGINAL PETITION AND APPLICATION  
FOR PERMANENT INJUNCTION**

TO THE HONORABLE DISTRICT JUDGE:

COMES NOW, Plaintiff The State of Texas, acting by and through its Attorney General, GREG ABBOTT and complains of Defendants REENA HOSPITALITY CORPORATION, d/b/a/ SUPER 8 BROOKSHIRE; SURESHCHANDRA B. PATEL; and NAYAN S. PATEL. Plaintiff alleges that, following the Texas Governor's declaration of disaster from Hurricane Ike, Defendants engaged in unlawful price gouging by demanding and/or charging an excessive price for lodging to hurricane evacuees. In support thereof, Plaintiff respectfully shows the following:

**1. DISCOVERY**

1.1 Pursuant to Tex. R. Civ. P. 190.3, discovery is intended to be Level 2.

**2. AUTHORITY**

2.1 This action is brought by Attorney General GREG ABBOTT, through his Consumer Protection and Public Health Division, in the name of the STATE OF TEXAS, and in

the public interest under the authority granted him by section 17.47, Texas Deceptive Trade Practices – Consumer Protection Act, Tex. Bus. & Com. Code Ann. § 17.41, *et seq.* (“DTPA”), alleging that Defendants have engaged in false, misleading, or deceptive acts or practices in the conduct of trade and commerce as defined in, and declared unlawful by, DTPA sections 17.46(a) and (b).

2.2 Plaintiff seeks reasonable attorney’s fees and court costs for prosecuting this action, as authorized by Texas Government Code § 402.006(c).

2.3 Pursuant to DTPA section 17.47(c)(1), Plaintiff seeks civil penalties up to \$20,000 per violation. Pursuant to section 17.47(c)(2), Plaintiff seeks civil penalties up to \$250,000 per violation for acts or practices calculated to acquire or deprive money or other property from a consumer aged 65 years or older when the act or practice occurred.

### **3. DEFENDANTS**

3.1 Defendant **REENA HOSPITALITY CORPORATION** is a Texas corporation doing business in Texas as “Super 8 Brookshire.” It may be served with process by serving its Registered Agent: **SURESHCHANDRA B. PATEL, 22157 Katy Freeway, Katy, Texas 77450. SERVICE OF PROCESS IS HEREBY REQUESTED.**

3.2 Defendant **SURESHCHANDRA B. PATEL** is the President and Director of Reena Hospitality Corporation and may be served with process at: **22157 Katy Freeway, Katy, Texas 77450. SERVICE OF PROCESS IS HEREBY REQUESTED**

3.3 Defendant **NAYANA S. PATEL** is Secretary and Director of Reena Hospitality Corporation and may be served with process at: **22157 Katy Freeway, Katy, Texas 77450.**

**SERVICE OF PROCESS IS HEREBY REQUESTED**

**4. VENUE**

4.1 Venue lies in Waller County, Texas, for the following reasons:

- A. The violations alleged occurred in Waller County. See Tex. Civ. Prac. & Rem. Code § 15.002.
- B. Defendants are doing business in Waller County, See Tex. Bus. & Com. Code § 17.47(b).

**5. PUBLIC INTEREST**

5.1 Defendants have caused injury, loss and damage to the State of Texas and have caused adverse effects to legitimate business enterprises, which lawfully conduct trade and commerce in this State. The Attorney General is of the opinion and believes that these proceedings are in the public interest.

**6. PRE-SUIT NOTICE**

6.1 Pursuant to DTPA section 17.47(a), at least seven days prior to filing suit, Defendants were informed of the general nature of the unlawful conduct alleged herein.

**7. AGENCY**

7.1 When it is alleged that Defendants did any act, it is meant that Defendants performed or participated in such act or thing, or Defendants' officers, agents or employees performed the acts and were authorized to do so.

**8. STATEMENT OF FACTS**

8.1 On September 8, 2008, and pursuant to Texas Government Code section 481.014,

the Texas Governor declared a state of disaster from Hurricane Ike. See Exhibit A (Governor's Declaration). Further, the Texas Governor waived the collection of state and local hotel/motel taxes for evacuees of Hurricane Ike. See Exhibit B (Governor's Waiver)

8.2 State and federal officials urged residents of certain Texas counties to evacuate their homes, and an estimated one point two(1.2) million people heeded these warnings, resulting in thousands of evacuees seeking lodging in hotels and motels.

8.3 During this state of disaster, Defendants took advantage of the situation by engaging in price-gouging by demanding and/or charging evacuees excessive prices for lodging. These prices were well in excess of Defendants' typical price for accommodations.<sup>1</sup> In particular, for a room normally costing \$80.00 per night, Defendants charged and/or demanded from evacuees \$125.00 a night. Likewise, for a room normally costing \$95.00 per night, Defendants charged and/or demanded from evacuees \$145.00 a night.

8.4 Defendants further took advantage of the state of disaster by collecting state and local hotel/motel taxes from Hurricane Ike evacuees in violation of the Texas Governor's waiver.

8.5 Upon information and belief, Defendants Sureshchandra Patel and Nayana Patel are the sole shareholders, officers and directors of Reena Hospitality Corporation.

## **9. VIOLATIONS**

9.1 Plaintiff incorporates Paragraphs 1.1 through 8.5, as if fully set forth herein.

9.2 Defendants have engaged in false, misleading, or deceptive acts or practices in the

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<sup>1</sup> "Normal price" means the average price charged per room over the two-month period immediately preceding the Governor's disaster declaration.

conduct of trade or commerce, in violation of DTPA § 17.46(a).

9.3 Defendants have engaged in false, misleading, or deceptive acts or practices in the conduct of trade or commerce, in violation of DTPA sections 17.46(b)(27) (A) and (B), which prohibit taking advantage of a disaster by offering, demanding, selling and/or leasing fuel, food, medicine, or other necessity at an exorbitant or excessive price.

#### **10. INJURY TO CONSUMERS**

10.1 Because Defendants have engaged in the unlawful acts and practices described herein, they have violated the law as alleged in this petition.

#### **11. CONDITIONS PRECEDENT**

11.1 All conditions precedent to Defendants' liability and Plaintiff's right to recover have occurred or have been waived.

#### **12. PRAYER**

12.1 WHEREFORE, PREMISES CONSIDERED, Plaintiff prays that a PERMANENT INJUNCTION be issued, restraining and enjoining Defendants, their officers, agents, servants, employees and attorneys and any other person in active concert or participation with the Defendants from:

- A. Taking advantage of a disaster declared by the Governor under Chapter 418 of the Government Code by offering accommodations or other necessities at an exorbitant or excessive price, to wit: charging in excess of ten percent (10%) of the normal price of any good or service, for the two-

month period immediately preceding the disaster declaration.<sup>2</sup>

- B. Taking advantage of a disaster declared by the Governor under Chapter 418 of the Government Code by demanding an exorbitant or excessive price in connection with the sale of accommodations or lodging, to wit: charging in excess of ten percent (10%) of the normal price for any good or service, for the two-month period immediately preceding the disaster declaration.
- C. Collecting state and local taxes from evacuees during a disaster declared by the Governor of Texas when such taxes have been waived by the Governor.
- D. Failing to obtain a sales-tax-exemption certificate from evacuees.
- E. Failing to post a sign or card in a conspicuous place in each room, containing the daily room rate and the date the sign or card was posted, as required by Texas Occupations Code section 2155.001(a).
- F. Failing to maintain a registration system to record the identity and contact information for guests of the hotel or motel including the guests' names, addresses, the length of their stay, and the amount charged per day.
- G. Altering, destroying or mutilating records to be kept pursuant to Paragraph 12.1(F) for a three year period after the event, provided the matter is not in

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<sup>2</sup> "Normal price" means the average price charged over the two-month period immediately preceding the Governor's disaster declaration.

litigation. If the matter is in litigation, records shall not be altered, destroyed or mutilated until the expiration of three years from the date of entry of a final judgment, not subject to further appeal.

12.2 Plaintiff further requests that this Court award money damages and restitution of monies paid by consumers.

12.3 Plaintiff further requests that Defendants be ordered to pay to the State of Texas:

- A. Civil penalties of up to \$20,000.00 per violation of the DTPA;
- B. Civil penalties of up to \$250,000 per violation of the DTPA, when the act or practice that acquired or deprived money or other property from consumers who were 65 years of age or older when the act or practice occurred;
- C. Pre-judgment and post-judgment interest on all awards of restitution, damages, or civil penalties, as provided by law; and
- D. All costs of Court, costs of investigation, and reasonable attorney's fees pursuant to Texas Government Code section 402.006(c).
- E. Decree that all of Defendants' fines, penalties or forfeitures are not dischargeable in bankruptcy. See 11 U.S.C. Section 523(a)(7).

12.5 Plaintiff prays for all further relief, at law or inequity, to which it is justly entitled.

Respectfully submitted,

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First Assistant Attorney General

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