IN THE CIRCUIT COURT OF THE STATE OF OREGON

FOR THE COUNTY OF MULTNOMAH

State of Oregon *ex rel.* ELLEN F. ROSENBLUM, Attorney General for the State of Oregon Plaintiff, v. MARRIOTT INTERNATIONAL, INC., a corporation, Defendant.	Case No. COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF (Unlawful Trade Practices Act; ORS 646.605, *et seq.*) **CLAIM NOT SUBJECT TO MANDATORY ARBITRATION** **ORS 20.140 - State fees deferred at filing; standard filing fee (ORS 21.135(2)(g))**

Plaintiff, the State of Oregon (the "Plaintiff"), appearing through Ellen F. Rosenblum, Attorney General of Oregon, brings this action against Defendant Marriott International, Inc., a corporation, ("Marriott" or "Defendant") for violations of the Oregon Unlawful Trade Practices Act, ORS 646.605-ORS 646.656, stemming from a data breach that exposed the personally identifiable information of Oregon consumers. In support thereof, Plaintiff alleges the following:

THE PARTIES

1.

Plaintiff, the Attorney General of the State of Oregon, brings this enforcement action alleging violations of Oregon's Unlawful Trade Practices Act (UTPA), ORS 646.605 to ORS 646.652, including for violations of the Oregon Consumer Information Protection Act, ORS 646A.600 to ORS 646A.628.

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2.

Defendant Marriott International, Inc. is a Delaware corporation with its principal office or place of business at 7750 Wisconsin Ave., Bethesda, Maryland 20814.

JURISDICTION AND VENUE

3.

At all times relevant to this Complaint, Marriott was engaged in trade and commerce affecting consumers in the State of Oregon. Marriott was also in possession of the personal information of Oregon residents.

4.

Venue for this action properly lies in Multnomah County pursuant to ORS 646.632(1) and ORS 646.605(1)(c) as Marriott is alleged to have committed an act prohibited by ORS 646.605 to ORS 646.652 in Multnomah County.

5.

The Defendant agrees to waive notice as required by ORS 646.632(2).

ACTS OF AGENTS

6.

Whenever in this Complaint it is alleged that Defendant did any act, it is meant that: (a) Defendant performed or participated in the act; or (b) Defendant's officers, affiliates, subsidiaries, divisions, agents or employees performed or participated in the act on behalf of and under the authority of the Defendant.

BACKGROUND

7.

Marriott is a multinational hospitality company that manages and franchises hotels and related lodging facilities, including 30 brands and more than 7,000 properties throughout the United States and across 131 countries and territories.

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8.

On or about November 16, 2015, Marriott announced that it would acquire Starwood Hotels and Resorts Worldwide, LLC ("Starwood") for $12.2 billion. Marriott's acquisition of Starwood closed the following year, on or about September 23, 2016, and Starwood became a wholly owned subsidiary of Marriott. With the acquisition of Starwood, Marriott became the largest hotel chain in the world at that time with over 1.1 million hotel rooms, accounting for one out of every fifteen hotel rooms worldwide.

9.

After the legal close of Marriott's acquisition of Starwood, Marriott took control of Starwood's computer network and has been responsible for establishing, reviewing, and implementing the information security practices for both itself and Starwood. Additionally, following the legal close of the acquisition, Marriott commenced a two-year process to integrate some Starwood systems into the Marriott networks. Marriott fully integrated those Starwood systems into its own network in December 2018.

Starwood Data Breach

10.

Despite having responsibility for Starwood's information security practices and network following the acquisition, Marriott failed to identify an ongoing breach within the Starwood network. In fact, Marriott did not detect this breach until September 7, 2018, nearly two years after the legal close of Marriott's acquisition of Starwood. The incident (hereinafter, the "Starwood Data Breach") was announced by Marriott on November 30, 2018.

11.

Forensic examiners determined that, on or about July 28, 2014, malicious actors compromised Starwood's external-facing webserver, installing malware on its network. This malware allowed the intruders to perform network reconnaissance activities, harvest highly privileged Starwood administrative and user credentials, and use those credentials to move

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throughout Starwood's internal network for a four-year period, until Marriott's system finally detected an attempt to export consumer data from the guest reservation database on September 7, 2018.

12.

Even after discovery of the breach, on September 10, 2018, the intruders exported additional guest information from Starwood's systems.

13.

During this period spanning more than four years, from July 2014 to September 2018—including the two years following Marriott's acquisition of Starwood and its integration of certain Starwood systems—the intruders went undetected, installing key loggers, memory-scraping malware, and Remote Access Trojans in over 480 systems across 58 locations within the Starwood environment. Those locations included a combination of corporate, data center, customer contact center, and hotel property locations.

14.

Following the breach, a forensic examiner assessed Starwood's systems and identified failures, including: inadequate firewall controls, unencrypted payment card information stored outside of the secure cardholder data environment, lack of multifactor authentication, and inadequate monitoring and logging practices.

15.

The Starwood Data Breach exposed the personal information of 339 million consumer records globally, including 131.5 million guest records pertaining to customers associated with the United States, some of which included contact information, gender, dates of birth, payment card information, passport numbers, legacy Starwood Preferred Guest information, reservation information, and hotel stay preferences.

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Unauthorized Account Access Incidents

16.

The information security failures detailed in this Complaint are not limited to Starwood's computer networks, systems, and databases.

17.

Marriott announced in March 2020 that malicious actors had compromised the credentials of employees at a Marriott-franchised property to gain access to Marriott's own network (hereinafter, the "Unauthorized Account Access Incidents").

18.

The intruders began accessing and exporting consumers' personal information without detection from September 2018—the same month that Marriott became aware of the Starwood Data Breach—to December 2018 and resumed in January 2020 and continued until they were ultimately discovered in February 2020.

19.

The intruders were able to access over 5.2 million guest records, including 1.8 million records related to U.S. consumers, that contained significant amounts of personal information, including: names, mailing addresses, email addresses, phone numbers, affiliated companies, gender, month and day of birth, Marriott loyalty account information, partner loyalty program numbers, and hotel stay and room preferences.

20.

Marriott's internal investigation confirmed that the malicious actors' main purpose for searching, accessing, and exporting guest records was to identify loyalty accounts with sufficient loyalty points that could be used or redeemed, including for booking stays at hotel properties.

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Defendant's Deceptive Information Security Statements

21.

Prior to its acquisition, Starwood controlled and operated its website, www.starwood.com, where consumers could make reservations for hotel rooms.

22.

Following the acquisition of Starwood, Marriott controlled and continued to operate the Starwood website until approximately May 2018 when Marriott merged Starwood's website into the Marriott website.

23.

At all relevant times, the privacy policy posted on the Starwood website stated:

> **SECURITY SAFEGUARDS**: Starwood recognizes the importance of information security, and is constantly reviewing and enhancing our technical, physical, and logical security rules and procedures. All Starwood owned web sites and servers have security measures in place to help protect your personal data against accidental, loss, misuse, unlawful or unauthorized access, disclosure, or alteration while under our control. Although "guaranteed security" does not exist either on or off the Internet, ***we safeguard your information using appropriate administrative, procedural and technical safeguards,*** including password controls, "firewalls" and the use of up to 256-bit encryption based on a Class 3 Digital Certificate issued by VeriSign, Inc. This allows for the use of Secure Sockets Layer (SSL), an encryption method used to help protect your data from interception and hacking while in transit. (emphasis added).

24.

In addition to the Starwood website, Marriott operates its own Marriott-branded website, www.marriott.com, where consumers can make reservations for Marriott-branded hotels, as well as Starwood-branded hotels.

25.

At all relevant times, the privacy policy posted on the Marriott website stated:

> "Personal Information" is information that identifies you as an individual or relates to an identifiable individual. We may collect Personal Information such as:

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> Name[s] . . . home and work address[es], telephone number[s] and email address[es], your business title, date and place of birth, nationality, passport, visa or other government-issued identification information, guest stay information, including the hotels where you have stayed, date of arrival and departure, goods and services purchased, special requests made, information and observations about your service preferences (including room type, facilities, holiday preferences, amenities requested, ages of children or any other aspects of the Services used); . . . credit and debit card number; Marriott [] Rewards information online user accounts details, profile or password details and any frequent flyer or travel partner program affiliation . . .
>
> ***We seek to use reasonable organizational, technical and administrative measures to protect Personal Information within our organization.*** Unfortunately, no data transmission or storage system can be guaranteed to be 100% secure. If you have reason to believe that your interaction with us is no longer secure (for example, if you feel that the security of your account has been compromised), please immediately notify us in accordance with the "Contacting Us" section, below. (emphasis added).

Information Security Practices

26.

Marriott and/or Marriott as successor to Starwood failed to provide reasonable or appropriate security for the personal information that they collected and maintained about consumers. Among other things, Marriott and/or Marriott as successor to Starwood:

a. Failed to patch outdated software and systems in a timely manner, leaving Starwood's network susceptible to attacks.

b. Failed to adequately monitor and log network environments, limiting the ability to detect malicious actors and distinguish between authorized and unauthorized activity. This failure prevented Marriott and/or Marriott as successor to Starwood from detecting intruders in its network and further prevented it from determining the information exfiltrated from its network;

c. Failed to implement appropriate access controls. For example, on numerous occasions, the accounts of former employees were not terminated in a timely manner, and separate unique accounts for users' remote access were not created;

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d. Failed to implement appropriate firewall controls. This failure resulted in malicious actors making unauthorized connections from outside of the Starwood's network;

e. Failed to implement appropriate network segmentation, which allowed intruders to move easily between Starwood hotel property systems and Starwood's corporate networks; and

f. Failed to apply adequate multifactor authentication to protect sensitive information. For example, Starwood failed to comply with contractual obligations and/or internal policies requiring multifactor authentication for remote access to sensitive environments, including environments containing payment card data.

g. Failed to properly eradicate threats from the Starwood or Marriott environment after incidents, and failed to implement improvements based on lessons learned from previous incidents.

h. Failed to implement appropriate password controls. As a result of this failure, employees often used default, blank, or weak passwords;

27.

As a direct result of the failures described in Paragraph 26 above, between 2014 and 2020, malicious actors were able to gain unauthorized access to the personal information of millions of consumers, including passport information, payment card numbers, Starwood loyalty numbers, along with name, gender, date of birth, address, email address, telephone number, username, and hotel stay and other travel information.

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CLAIMS FOR RELIEF

Count One (Unlawful Trade Practices Act - Misrepresentation)

28.

Plaintiff realleges and incorporates Paragraphs 1 through 0 as if fully set forth herein.

29.

Marriott has engaged in false, misleading, or deceptive acts or practices, as set forth above, in violation of the Unlawful Trade Practices Act, ORS 646.605 to ORS 646-652, specifically:

(a) Defendant made representations to consumers regarding the characteristics of its data protection practices which had the capacity, tendency or effect of deceiving or misleading consumers in violation of ORS 646.608(1)(e).

(b) Defendant's failure to adequately inform consumers regarding its data protection practices constitutes a failure disclose facts, the omission of which has deceived or tended to deceive consumers, as set forth above in violation of ORS 646.608(1)(e).

Count Two (Unlawful Trade Practices Act – Reasonable Security)

30.

Plaintiff realleges and incorporates Paragraphs 1 through 0 as if fully set forth herein.

31.

Marriott collects, owns and/or licenses the personal information of consumers residing in State of Oregon.

32.

Defendant has engaged in unlawful trade practices in violation of ORS 646.607. More specifically, Plaintiff alleges that Defendant failed to implement and maintain reasonable security measures to protect records that contain personal information concerning Oregon consumers from unauthorized access, use, modification, or disclosure, in violation of ORS 646.607(9) and ORS 646A.622.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court enter judgment against Defendant Marriott, and enter an Order:

(a) Finding that Defendant violated ORS 646.608(1)(e) by engaging in the unlawful trade practices alleged herein;

(b) Finding that Defendant violated ORS 646A.622 and ORS 646.607(9) by engaging in the unlawful trade practices alleged herein;

(c) Enjoining Defendant from engaging in the unlawful trade practices alleged herein;

(d) Requiring Defendant to pay a penalty of up to $25,000 per violation of the Unlawful Trade Practices Act, pursuant to ORS 646.642(3);

(e) Requiring Defendant to pay attorney fees, costs and disbursements, pursuant to ORS 646.632(8); and

(f) Granting Plaintiff all other relief that the court may deem appropriate.

DATED this 9th day of October, 2024

Respectfully submitted,

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