

**IN THE CIRCUIT COURT OF BENTON COUNTY, ARKANSAS
CIVIL DIVISION**

JANE DOE

PLAINTIFF

VS.

NO. 04CV21-1039

**OM HOSPITALITY, INC.,
d/b/a ECONOMY INN; JOHN DOES 1-4;
and JOHN DOE ENTITIES 1-4**

DEFENDANTS

ORDER

Comes on for hearing this 15th day of July 2022, the Plaintiff's Complaint, the Plaintiff appearing by and through Denise Hoggard and Meredith Moore, of Rainwater, Holt & Sexton, P.A., the Defendant appearing not. The Court finds the following:

1. The Court entered a default judgment in Plaintiff's favor on April 8, 2022 and set this matter for trial on damages on this date.
2. Proper and timely notice of this trial was provided to the Defendant based upon service to its registered agent, as stated in the Arkansas Secretary of State records.
3. The facts alleged in the Plaintiff's Complaint are deemed admitted.

The Court therefore finds:

- a. From the summer of 2014 through July 2017, through the use of manipulation, coercion, and abuse, Plaintiff Jane Doe, who was between the ages of fourteen (14) and seventeen (17)

years of age during those years, was held by her trafficker at Economy Inn located at 3574 W. Sunset Street, Springdale, Arkansas;

- b. Plaintiff turned eighteen (18) years of age in June of 2018;
- c. While on Defendants' premises, Plaintiff's trafficker, with the use of coercion and threat of harm to her forced Plaintiff to engage in sex or sexual acts with men in exchange for money. All of the money paid by these individuals went to the Plaintiff's trafficker who was facilitating the business;
- d. Plaintiff was kept by her trafficker on Defendants' premises for up to a month and a half at a time;
- e. Economy Inn management would notify Plaintiff's trafficker if law enforcement was looking around and would advise Plaintiff's trafficker to move her down the street to the Royal Inn until things quieted down;
- f. This back and forth movement between the two hotels happened for approximately three (3) years;
- g. Plaintiff's trafficker purchased the rooms in cash;
- h. Room phones were never utilized. Instead, motel staff would come to their rooms if they needed to talk to Plaintiff's trafficker;
- i. Motel cleaning staff were never allowed in the rooms where Plaintiff and her trafficker were staying. If cleaning supplies

were needed, Plaintiff's trafficker would request things like a vacuum cleaner, trash bags, or cleaning products directly from motel staff, which were given to them regularly;

- j. Numerous towels and bed linens were given to Plaintiff and her trafficker daily; and
- k. Plaintiff's trafficker used and regularly sold methamphetamine while on Defendants' premises.

4. The Court also finds Defendant owed a duty of care to Plaintiff, and breached the duty of care owed, as set forth in the Plaintiff's Complaint. The breach included:

- a. Failure to inspect rooms rented for long periods of times;
- b. Failure to inspect rooms that have significant foot traffic from non-registered guests to a room rented over the period of several days and weeks;
- c. Failure to properly train staff on the warning signs of human trafficking;
- d. Failure to notify law enforcement once signs of human trafficking became apparent;
- e. Failing to implement proper security procedures to monitor foot traffic coming and going at the hotel;
- f. Failing to properly monitor guest check-in and implement policies and procedures to verify guest identity; and
- g. Otherwise failing to maintain a safe premise.

5. The breach proximately caused damages to Jane Doe.

6. The Court accepts the expert opinions of Karen Farst, MD, MPH, Child Abuse Pediatrician. Dr. Farst is a leading expert in the field dealing with the physical and emotional effects of Adverse Childhood Experiences (ACEs) which are defined as stressful or potentially traumatic events that occur before age 18 years. ACEs have a negative lasting effect on health and well-being. Jane Doe experienced multiple episodes of sexual assault, physical abuse, emotional abuse, and exposure to drug use. The regularity of these ACE's would have left no doubt in Jane Doe's mind that if she did not comply with her trafficker's demands, they would follow through on the threats to harm or kill either her or her son. Defendant's management and staff further "embedded her understanding that she was helpless and alone since she was aware that they were aiding her trafficker(s) instead of intervening on her behalf. Their facilitation of her victimization was clearly apparent in her understanding of her situation." A partial list of negative health outcomes associated with toxic stress in childhood include respiratory disease, ischemic heart disease, somatic pain, sleep disturbance, depression/suicide attempt, and anxiety/panic attacks. These negative health outcomes result in a shortened lifespan for Jane Doe. The average reduction in life expectancy for 3 ACEs is 13.2 years.

7. The Court accepts the opinions of Magean Warnock, an employee with the Arkansas Department of Human Services, as an expert on Child Sex Trafficking. Ms. Warnock, Division of Children and Family Services: Central Office Quality Assurance Coordinator Missing/Trafficked Youth Locator (NYTD)

Coordinator for Federal Review is an instructor about human trafficking awareness. In her role as instructor, Ms. Warnock met Plaintiff and discovered the extent and severity of the sex trafficking she was suffering. Ms. Warnock located 89 ads in the Springdale/Fayetteville area, specifically advertising Plaintiff, with explicit and repulsive descriptions of services she would provide. Ms. Warnock teaches trafficking awareness at college campuses, community outreach programs, elementary schools, and junior high schools throughout the state. She has personal experience with Jane Doe and the impact trafficking has on her. She tracked the 89 ads to the area of Defendant's hotel that were offering Jane Doe for sex, including gang sex. She worked directly with Jane Doe trying to help her with emotional, physical, and financial issues. Ms. Warnock affirms the trauma Jane Doe experienced as a child along with the adverse psychological effects. "The people and hotels involved in trafficking this child have played a role in increasing her anxiety, added panic and exhaustion, increased her shame/guilt, alienated and isolated her from social supports, and exposed her to severe medical issues."

8. The Court is impressed with the conclusion by the Arkansas Department of Human Services that Plaintiff has been traumatized by both her traffickers and the hotels involved in trafficking her. She suffers anxiety, panic, exhaustion, shame, guilt, alienation and isolation, and serious medical issues as a result.

9. The Court accepts the opinions of Plaintiff's security expert Mike Gerard, Robson Forensic, that Defendant knew or should have known that sex

trafficking was occurring on the premises due to the history of law enforcement response to the location and types of reported incidents. There exists a high risk of sex trafficking crimes at hotels and motels. The management and staff of Defendant hotel failed to provide adequate security measures to protect her despite having available training programs, warning signs, and evidence that she was being trafficked

10. The Court accepts the opinions of Ralph Scott, Ph.D., economist. Dr. Scott sets the average lifespan for Jane Doe and provides calculations that federal agencies use to aid in valuation of loss of life. Based on the federal agency calculations, the average economic value for her loss of life expectancy is \$228,341 per year. The Court finds those calculations to be helpful in reaching the Court's decision as to the value of the decrease in Jane Doe's lifespan because of Defendant's admitted and uncontroverted actions.

11. The Court finds the evidence supporting Plaintiff's causes of action against Defendant Economy Inn compelling.

12. The Court finds the testimony of Jane Does credible and that Plaintiff suffered mentally and physically from being subjected to repeated acts of sex trafficking over prolonged periods of time, the severity of which is noted.

13. The Court finds that Jane Doe was trafficked between Defendant Economy Inn and the Royal Inn in Springdale, Arkansas and the two businesses conspired to conceal Jane Doe's trafficking.

14. The Court finds that the damages Jane Doe suffered because of the negligence of Defendant Economy Inn hotel are exclusive of the damages Doe incurred because of any negligence and fault of Royal Inn.

15. The Court finds that this judgment is specific to Jane Doe's damages incurred as result of her trafficking abuse at Defendant Economy Inn's premises from 2014-2017 only.

16. The Court finds that the testimony of Gretchen Smeltzer, a sex trafficking child-victim advocate, expert, and Executive Director of Into the Light, confirms the vast prevalence of child sex trafficking in northwest Arkansas. That both the Economy Inn and Royal Inn in Springdale are hotspots for sex trafficking, and that Jane Doe's damages because of her abuse will last a lifetime.

17. The Court finds that Jane Doe's ACES were severe and will result in a potential loss of life expectancy of 13.2 years. Putting a value on her loss of life expectancy, the Court awards \$3,141,600.

18. The Court finds that Jane Doe suffered grave harm because of the negligence of Defendant Economy Inn during the period she was trafficked between Economy Inn and Royal Inn. The Court awards \$714,000 for those damages.

19. The Court finds that Jane Doe suffered immeasurable pain for the abuse while on Defendant Economy Inn's premises. Therefore, the Court awards an additional \$2,500,000 for her pain and suffering.

20. The Court finds that the total of Jane Doe's special damages plus her pain and suffering is \$6,355,000.

21. The Court finds that Jane Doe properly pled and proved that she is entitled to an award of punitive damages. The Court awards \$19,066,800 in punitive damages, which is intended to send a message to those that engage in this business in whatever capacity, whether they are traffickers, hotels, advertising, or any other entity that allow this sort of business to occur.

22. The Court is mindful that there are numerous reports of underaged children being trafficked in Northwest Arkansas. This award for both compensatory and punitive damages is a fair judgment and hopefully will result in a substantial decrease in the numbers of underaged children being trafficked in Northwest Arkansas and elsewhere in our State.

IT IS SO ORDERED.

Doug Schrantz

HONORABLE R. DOUG SCHRANTZ

DATE: July 28, 2022

Prepared by:

/s/ Meredith S. Moore
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Case Title: DOE V OM HOSPITALITY INC ETAL

Case Number: 04CV-21-1039

Type: JUDGMENT/DECREE/ORDER

So Ordered

A handwritten signature in black ink, appearing to read "D. Schrantz".



JUDGE DOUG SCHRANTZ