

# Hertz: Rent a Car, Go to Jail

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**Abstract.** Over 200 lawsuits were filed against the Hertz rental car company by former customers who were arrested as a result of the company's poor inventory control system and its implementation of two business practices which led to the filing of unsubstantiated stolen car reports with police. According to a whistleblower, these practices essentially meant Hertz was using police "as a repo company and the court system as a collection company" (News Nation 2022, 4:24). Consequences to the individuals who were falsely charged with theft included financial hardship, job loss, reputational damage, child custody problems, the trauma of arrest sometimes at gunpoint, and the traumatic experience of being jailed. This case study calls for students to analyze the company's actions from the perspectives of ethical theories and decision making, as well as corporate social responsibility.

**Keywords:** Hertz, ethics, business ethics, ethical theories, ethical decision-making, corporate social responsibility.

## 1. Case Description

As Charles Doucette, a professional in the healthcare industry with no criminal record, was asleep in his cruise ship cabin at a port in Florida, there was a knock on the door. He opened it and there stood the ship's security personnel. Doucette was arrested by U.S. Federal law enforcement, handcuffed, removed from the cruise ship, and incarcerated in Florida's Brevard County Jail to await extradition to Arizona (Werner 2022, February 15). Why did this happen? Mr. Doucette had rented a car in Arizona from rental car giant Hertz and renewed the rental for several months. He returned the vehicle to Hertz, his credit card was charged, and he paid all the charges. He had even been a member of Hertz's "President Circle", a designation reserved for the company's very best customers based upon the amount spent on an annual basis. But, the company had filed a police report anyway stating he had stolen the car (Werner 2022, February 15).

Many others experienced similar treatment from Hertz. The consequences of the arrests were devastating and, in some cases, life-threatening. Over 200 filed lawsuits against Hertz, including the mother of a newborn who spent 40 days in jail (p. 11); a disabled Air Force veteran who spent 15 days in jail (p. 12); an employee of NASA's Jet Propulsion Laboratory, using a Hertz car rented for him

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by NASA “who was arrested at gunpoint in front of his co-workers” (p. 14); and a dentist in Santa Clarita, California who “was arrested at gunpoint by 7-8 squad cars and jailed overnight” (p. 22) (in re: Rental Car Intermediate Holdings, LLC, Reorganized Debtor).

There was also:

- a contractor from New Jersey who rented and paid for a long-term truck rental who was arrested, “charged with a felony, and jailed for 3 months for driving a ‘stolen’ vehicle despite having receipts of his payments and rental agreement with Hertz.” “The felony charges were finally dropped by” the courts involved “after receiving bank statements and call recordings of” the contractor’s “conversations with Hertz associates confirming his rental.” “I lost everything, my life, my reputation, everything,” he said. “I have not been able to work, ... I take on odd jobs. I live with my parents. I don’t even have a vehicle right now.” (New York Times Post 2022), and
- a Houston contractor who was arrested at gunpoint for driving a truck Hertz had reported as stolen. He was released after showing officers his rental agreement. After seeing his rental agreement, an officer called Hertz” and told them “Do you know what you put this guy through? ... This guy could have lost his life.” (New York Times Post 2022)

And, there were numerous other individuals who, after being arrested and incarcerated, even though they were innocent entered into plea deals with prosecutors just to get out of jail. An example was a woman who worked for NASA and contracted with Hertz for a one-way rental from Florida to Texas because her job was changing location. She extended the rental for 2.5 months in accordance with Hertz’s procedures, turned in the car as agreed in Texas, and paid all charges. Even though she had done everything in accordance with her contract, Hertz reported the car as stolen to police. She was arrested and after spending 8 weeks in jail “was told that if she did not plead (guilty) she would be kept in jail indefinitely.” She pled guilty and was released. Two years after this occurred, she went on a religious mission trip which had been approved by her probation officer. Upon her return to the United States, she was detained at the border, released, later arrested again, and jailed for 108 days before her case was heard by a judge. The judge “apologized to her, told her that he had reviewed the file and that she should never have been allowed to plead in the first place, lifted her [probation] supervision, and sealed her case” (In re: Rental Car Intermediate Holdings, LLC, Reorganized Debtor, p. 12).