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Airbnb Is Spending Millions of Dollars to Make Nightmares Go Away

When things go horribly wrong during a stay, the company's secretive safety team jumps in to soothe guests and hosts, help families—and prevent PR disasters.

▲ How Airbnb Makes Nightmares Disappear

By Olivia Carville

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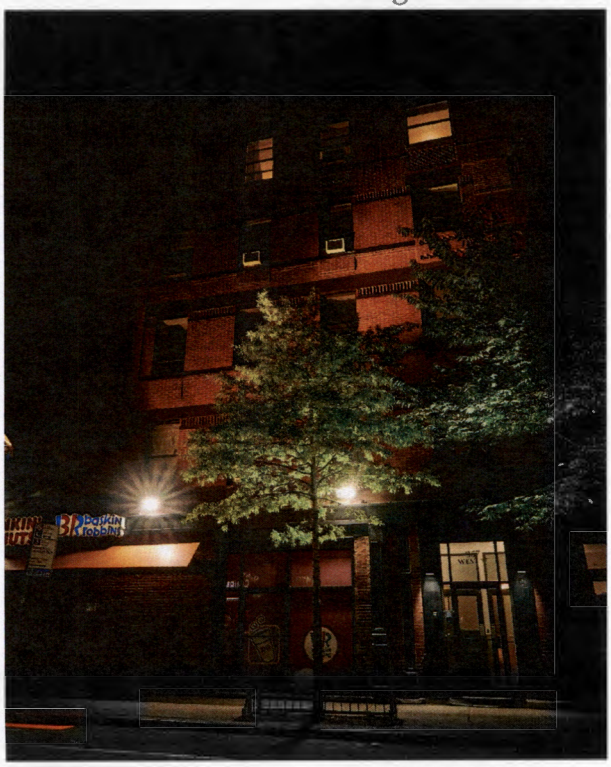
chief of staff at the Central Intelligence Agency and National Security Council adviser in the Obama White House, Shapiro was two weeks into a new job as a crisis manager at Airbnb Inc. "I remember thinking I was right back in the thick of it," he recalls. "This brought me back to feelings of confronting truly horrific matters at Langley and in the situation room at the White House."

Shapiro notified other Airbnb executives, including Chief Executive Officer Brian Chesky. Meanwhile safety agents from the company's elite trust-and-safety team sprang into action. They relocated the woman to a hotel, paid for her mother to fly in from Australia, flew them both home, and offered to cover any health or counseling costs.

The duplicate keys posed a particular problem for the company and a mystery for investigators. How had the man gotten them? Airbnb doesn't have a policy for how hosts exchange keys with guests, and its reputation for safety, and possibly its legal liability, hinged on the answer. Shapiro (who's since left the company) helped coordinate an investigation into the matter.



▲ The apartment building on West 37th Street. PHOTOGRAPHER: JEFF BROWN FOR BLOOMBERG BUSINESSWEEK

A week later, a staff member was sent to court to see if Airbnb was mentioned during a proceeding. It wasn't. The local media didn't report on the crime either, despite the lurid details, and the company wanted to keep it that way. The story remained unreported until now, in no small part because two years after the assault Airbnb wrote the woman a check for $7 million, one of the biggest payouts the company has ever made. In exchange she signed an agreement not to talk about the settlement "or imply responsibility or liability" on the part of Airbnb or the host.

Details of the crime, the company's response, and the settlement were reconstructed from police and court records and confidential documents, as

more than the number of rooms in the top seven hotel chains combined. Its $90 billion market value—the share price has doubled since the company went public in December—shows just how much progress the founders have made in wooing investors since their ramen days. One of the first Silicon Valley venture capitalists they pitched was Chris Sacca, an early backer of Instagram, Twitter, and Uber. After their presentation, Sacca later recalled, he pulled them aside and said, "Guys, this is super dangerous. Somebody's going to get raped or murdered, and the blood is gonna be on your hands." He didn't invest.

From the outset, Airbnb has encouraged strangers to connect online, exchange money, and then meet in real life, often sleeping under the same roof. It's somewhere between a tech platform and a hotel operator—unable to disavow responsibility for ensuring its users are safe, as some tech companies might, or to provide security guards and other on-site staff, as a hotel would. What makes trust and safety at Airbnb more complicated than at Apple or Facebook "is that you are dealing with real people in real people's homes," says Tara Bunch, Airbnb's head of global operations. Bunch has overseen the safety team since being hired away from Apple Inc. last May. "People are naturally unpredictable, and as much as we try, occasionally really bad things happen," she says. "We all know that you can't stop everything, but it's all about how you respond, and when it happens you have to make it right, and that's what we try to do each and every time."

In the early days, the co-founders answered every customer service complaint on their mobile phones. When that became unmanageable, they hired support staff to field calls. It wasn't until three years in, after more than 2 million booked stays, that the company faced its first big safety crisis. In 2011 a host in San Francisco blogged about returning from a work trip to find her home ransacked. Her "guests" had trashed her clothes, burned her belongings, and smashed a hole through a locked closet door to steal her passport, credit card, laptop, and hard drives, as well as her grandmother's jewelry.

In a follow-up post, the host wrote that an Airbnb co-founder had contacted her and, rather than offering support, asked her to remove the story from her blog, saying it could hurt an upcoming funding round. Soon #RansackGate was trending on Twitter, and the incident snowballed

Montreal, Singapore, and other cities. Some have emergency-services or military backgrounds. Team members have the autonomy to spend whatever it takes to make a victim feel supported, including paying for flights, accommodation, food, counseling, health costs, and sexually transmitted disease testing for rape survivors. A former agent who was at Airbnb for five years describes the approach as shooting "the money cannon." The team has relocated guests to hotel rooms at 10 times the cost of their booking, paid for round-the-world vacations, and even signed checks for dog-counseling sessions. "We go the extra mile to ensure anyone impacted on our platform is taken care of," Bunch says. "We don't really worry about the brand and image component. That stuff will take care of itself as long as you do the right thing."

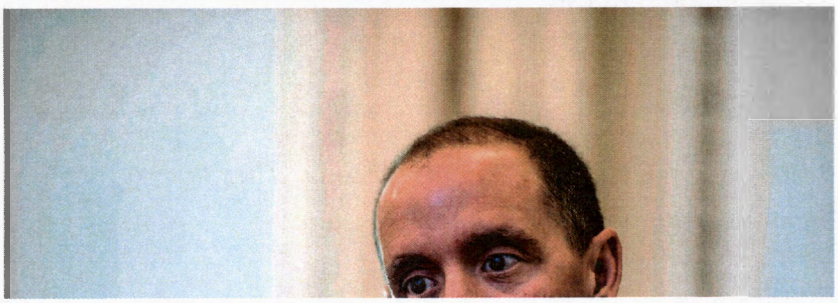
Former agents recall cases where they had to counsel guests hiding in wardrobes or running from secluded cabins after being assaulted by hosts. Sometimes the guests were the perpetrators, as with an incident when one was found in bed, naked, with his host's 7-year-old daughter. Agents have had to hire body-fluid crews to clean blood off carpets, arrange for contractors to cover bullet holes in walls, and deal with hosts who discover dismembered human remains.

The work can be so stressful that agents have access to cool-down rooms with dimmed lighting to create a soothing atmosphere for answering harrowing calls. And it can take a heavy toll. Some former agents say they suffer from vicarious trauma. On the job they tried to remember that everything that happens in life can happen in an Airbnb. That perspective was drilled into new recruits during 12-week training sessions: Just as nightclubs can't eliminate sexual assaults and hotels can't stop human trafficking, Airbnb can't prevent bad actors from using its platform.

The company says its safety agents are taught to prioritize customers in crisis, yet many understood themselves to have a dual role to protect both the individual and Airbnb's public image. In sensitive cases, according to some former agents, they were encouraged to get a payout agreement signed as quickly as possible. Until 2017, other insiders say, every agreement came with a nondisclosure clause that barred the recipient from talking about what had happened, making further requests for money, or suing the company. That practice ended when the #MeToo movement showed how nondisclosure agreements were being used to **shield high-profile individuals and companies** from fallout over

Like many Silicon Valley companies, Airbnb rose on the strength of a growth-at-all-costs ethos—rolling into cities, skirting regulations, winning the popular vote, and catching on so fast that by the time officials noticed what was going on, they had no chance of controlling it. Regulatory battles blew up around the world, the most toxic of which played out in New York in 2015. The city conducted sting operations to expose illicit rentals of shorter than 30 days and ordered the company to provide addresses of its listings, sparking years of legal fighting. Airbnb hired opposition researchers to dig into the backgrounds of its critics and paid for attack ads.

In early 2016, after the assault near Times Square, safety agents did what they were trained to do: provide comfort and assistance to the victim. But the possibility of a lawsuit raised the stakes. Chris Lehane, a former political operative for President Bill Clinton, had been hired by Airbnb as head of global policy and communications a few months before the incident. Company insiders say Lehane, the author of *Masters of Disaster*, a 2014 book about "the black art of damage control," was afraid the case could be used by opponents to run Airbnb out of town. (Lehane declined to be interviewed.)



Airbnb's potential liability for not enforcing a stricter key-exchange policy won't be an issue thanks to the $7 million settlement, which came about after the woman's lawyer, Jim Kirk at the Kirk Firm in New York, sent a letter threatening legal action. Although the settlement doesn't bar the woman from cooperating with prosecutors, it does prevent her from blaming or suing the company. That was especially important for Airbnb because the woman wasn't the one who'd rented the apartment, so she hadn't signed the company's 10,000-word terms of service agreement—another important way Airbnb keeps incidents out of court and out of the public eye.

Anyone registering on the site is required to sign this agreement, which bars legal claims for injury or stress arising from a stay and requires confidential arbitration in the event of a dispute. Former safety agents estimate the company handles thousands of allegations of sexual assault every year, many involving rape. Yet only one case related to a sexual assault has been filed against Airbnb in U.S. courts, according to a review of electronically available state and federal lawsuits. Victims' lawyers say the terms of service are an important reason.

The case that did make it through was filed in 2017, when Leslie Lapayowker, a 51-year-old woman, sued Airbnb after allegedly being assaulted by a host in Los Angeles. Lapayowker was moving to the city from New Mexico and had booked a 30-day stay while she searched for an apartment, according to court documents. The lawsuit says that after she decided to leave because of the host's bizarre behavior, he followed her into the studio unit she'd rented, locked the door, held her in a chair against her will, and masturbated in front of her, ejaculating into a trash can. As Lapayowker fled, according to the complaint, the host said, "Don't forget to leave me a positive review on Airbnb." The man, who said the encounter was consensual, wasn't charged.

Lapayowker's lawyer, Teresa Li, says the suit was able to proceed, despite the arbitration requirements in Airbnb's terms of service, because the company hadn't done a thorough background check of the host. Airbnb only flags prior convictions, and though the host had previously been charged with battery, he wasn't convicted.

In her filing, Li argued that Airbnb created a false sense of security by using the words "trust" and "safety" on its website. The company moved to settle, offering Lapayowker an undisclosed amount of money in exchange for dropping

arrest records. The registries also don't include units rented illegally.

Businessweek obtained registries for Austin, Miami Beach, and Los Angeles through public records requests, seeking to cross-reference them with public databases of police calls or crimes. Police responded to thousands of incidents at short-term rentals in the three cities over the past two years. In Miami Beach, the registry showed 1,071 police calls to addresses listed in 2019, including 40 for violent crimes. But police reports don't say which platform the unit was on or whether it was being rented at the time, making it difficult to draw useful conclusions about the correlation between the short-term rental industry and crime. Academic researchers say similar limitations have frustrated their efforts to study the link. Only about a half-dozen scholarly studies have been carried out on the subject, and their findings are contradictory.

With cities and police forces unable to gather data, and with cases rarely reaching the courts, high-profile incidents have tended to drive the political conversation around short-term rentals. Mindful of this, since 2018, Airbnb has escalated such incidents to its global crisis management team, which was formed by Lehane and other executives and initially headed by Shapiro, the former CIA official. Airbnb "can't control everything," says Shapiro, who now runs his own consulting company. "But after something bad happens, how they respond to make it better or not is 100% in their control, and they can't mess that up."

Several deadly incidents took place in 2018 and 2019, in addition to Stefaniak's murder, as the company was gearing up for an initial public offering. One was in November 2018, when a retired New Orleans couple died after inhaling toxic fumes while they slept at an Airbnb in Mexico. Their son appeared on television afterward, pleading for Airbnb to do more to protect its users.

Chesky, who declined to be interviewed for this article, wanted to know why cases like this kept landing on his desk and why the company was mishandling or delaying its safety responses, according to people familiar with his reaction. The answer to the second question was that the safety team was understaffed. When executives realized this, a shakeup ensued. In early 2019 the safety team was split from trust, placed under the community-support division, and given additional engineering resources and staff.

▲ The house in Orinda where five people were shot and killed. PHOTOGRAPHER: RAY CHAVEZ/MEDIANEWS GROUP/THE MERCURY NEWS/GETTY IMAGES

Airbnb subsequently offered to pay for the funerals, but Danoff says that when some of the families sent bills of more than $30,000, the company started haggling. "They don't care anymore, because the news cycle has moved on," Danoff says. "The only thing that really motivates them is the threat or potential threat of bad PR or a nightmare in the press." (Airbnb says it paid the bills. Danoff says he's still negotiating a settlement.)

"They need to be held accountable for what happened," Hill's mother, Cynthia Taylor, says of Airbnb. "My son's life was taken away at a property they allowed to keep renting on their service after multiple complaints."

▲ Taylor (left) with Hill before Hill's death. SOURCE: CYNTHIA TAYLOR

That December, Airbnb announced $150 million of additional trust-and-safety spending. It's introduced a 24/7 hotline that offered renters immediate access to a safety agent; created a system to flag high-risk reservations; banned users who were under 25 and didn't have a history of positive reviews from booking an Airbnb in the area where they live; and stopped allowing one-night stays over Halloween, July Fourth, and New Year's Eve. Many of these measures were focused on the U.S.—rolling them out globally has been a challenge, given differing cultures, customs, and regulations in the 191 countries where Airbnb operates.

names, addresses, and whether they're renting their entire apartment. The data will make it easier to track illegal listings.

More than five years after the attack on West 37th Street, Airbnb still hasn't set any clear rules regarding keys. The case set off a yearslong internal debate about keyless entry. If hosts could be compelled to use digital keypads and change the code after each stay, a situation like that might be avoided in the future. Even requiring them to disclose whether they had keypad entry could make a difference. Shapiro, the former head of crisis management, recalls pushing for more keyless entry. "I remember trying to talk about the key-exchange process and ways to prevent hosts leaving them at shops," he says.

In the end, little was done beyond posting information about keyless entry online and working with several lockmakers to reduce the cost of implementation. Doing more would have been difficult because Airbnb can't dictate how hosts enter their own homes, and it might have discouraged them from listing on the platform. The business case won out. You can see the evidence in cities around the world: small lockboxes hanging on fence railings, ready for the next Airbnb