UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation on the sixth day of March 2008

AHI International Corporation d/b/a AHI Travel and Alumni Holidays

Violations of 49 U.S.C. § 41712 and 14 CFR 399.84

Docket DOT-OST 2008-0031

Served March 6, 2008

CONSENT ORDER

This consent order concerns advertisements by AHI International Corporation d/b/a AHI Travel and Alumni Holidays ("AHI Travel"), that violate the Department's advertising requirements specified in section 399.84 of the Department's regulations (14 CFR 399.84), and constitute unfair and deceptive trade practices and unfair methods of competition in violation of 49 U.S.C. § 41712. This order directs AHI Travel to cease and desist from future violations and assesses the company compromise civil penalties of $45,000.

AHI Travel, as a seller of air travel, is subject to the advertising requirements of Part 399 of the Department's rules. Under 14 CFR 399.84, any advertising that states a price for air transportation or an air tour is considered to be an unfair or deceptive practice in violation of 49 U.S.C. § 41712 unless the price stated is the entire price to be paid by the customer to the air carrier or ticket agent for such air transportation, tour or tour component. However, as a matter of enforcement policy, the Department has permitted air carriers and agents to state separately from the advertised price taxes and fees imposed by a government on a per-passenger basis, such as passenger facility charges, so long

as their amounts appear or are indicated clearly in the advertisement so that the consumer can determine the full price to be paid.[1] Taxes and fees imposed on an ad valorem basis, however, must be included in the advertised price, lest consumers be seriously confused about the total amount that must be paid. Carrier- or agent-imposed surcharges, e.g., fuel, insurance, and service charges, or other such costs, must be included in the advertised price. With respect to airfares and air tours advertised on the Internet, taxes and fees that are permitted to be excluded from the advertised price may be noted in a prominent link, placed proximately to the stated price, that takes the viewer to the bottom of the screen, or to a separate screen, where the nature and amount of such fees are displayed. (See, e.g., JetBlue Airways, Inc., Order 2004-2-4, Trafalgar Tours West, Order 2007-8-24, Grand Circle Travel Corp, Order 2006-7-23, and orders cited therein, and the notice entitled: Disclosure of Additional Fees, Charges and Restrictions on Air Fares in Advertisements, Including "Free" Airfares, which is dated September 4, 2003, as well as guidance letters to the industry which can be found at: http://airconsumer.ost.dot.gov/ rules/guidance.htm.).

AHI Travel has specialized for over 40 years in offering comprehensive travel packages, marketed through numerous university and college alumni associations, that include airfare, hotel, ocean and river cruises, guided tours and related amenities, particularly to countries in Europe, Russia, and the Americas. AHI Travel has promoted air fares and air travel packages through printed brochures and mailers, by means of advertisements that were published on its web site, www.ahitravel.com, and through direct e-mail advertising campaigns.[2]

The airfares and air tours promoted in AHI Travel's brochures, mailers and e-mails, and on its web site did not comply with Department requirements. More specifically, the listed prices for the complete air, land and cruise packages failed to include fuel and security surcharges imposed by carriers and other transportation suppliers, which must be included in the advertised price, despite statements that would likely lead a reader to believe otherwise. In this regard, there is a notice on the page where the land portion of the trip is first revealed that "all service charges when applicable" and "U.S. government taxes and fees" are included in the overall air plus land package price. This, however, turns out not to be the case. For example, the site includes a "Cruise the Passage of Peter the Great" page, which advertises "12 Days from $2,540 (Land Only)." Below that first descriptive paragraph, the text states under "Included Features:" "Transportation. Round-trip scheduled jet service to Moscow with a return from St. Petersburg aboard Lufthansa or a similar carrier.*" When,

---

[1] See, e.g., Order 97-11-14.

[2] AHI Travels' web site did not operate between August 2006 and August 2007.

however, the reader clicks upon the subtitle "For Program Terms and Conditions, click here, " the reader learns that AHI Travel's air tour prices do not include "any increases in U.S. and Canadian air and airport taxes and security or fuel surcharges imposed by air carriers or other transportation suppliers; . . .."

Not including fuel surcharges, port charges, security charges imposed by carriers, or other surcharges collected by AHI Travel in the advertised price of an air tour package when it is first listed violates the Department's regulations and enforcement case precedent. In addition to violating the requirements of section 399.84 and related Department precedent and enforcement policies, such practices constitute an unfair and deceptive trade practice in violation of 49 U.S.C. § 41712.

Moreover, once a firm quotes through its advertising a specific price for a flight, tour or tour component, the firm must charge that price to the consumer. When a firm advertises a specific price for a flight, tour or tour component, it must have available a reasonable inventory at the advertised price for a reasonable time period. To preclude there being a deceptive practice issue for brochures, a firm can state in its brochures that the prices it is advertising are good "as of" or "until" a date certain, and advise the consumer that availability of the advertised fares may be limited and current fares may be higher with notice as to where current prices can be obtained. For example, the following language would suffice if conspicuous to a reader: "Prices in this brochure were effective on [date] and their availability is limited. At the time you purchase your tour, prices may be higher. For current prices, please see our website." Fares held out on the Internet or in newspapers, or orally, however, must be current and available.

In mitigation and explanation, AHI Travel states that it had no intention of violating any regulation or other requirement of the Department. AHI Travel states, rather, that once it learned through its trade association that the full-fare advertising rule is applicable to operators of air tours, the firm immediately acted to bring its online and other advertising into full compliance.

When fuel prices first began to increase in 2005, AHI Travel states that its understanding was that the increases would be temporary. Thus, the firm explains, it believed that its customers would be best served if the additional charge for fuel was quoted separately. During this period, AHI Travel recounts, it provided customers who booked tours with notice and an estimate of the fuel surcharge with its booking confirmation, which is sent shortly after the booking is made, and it also included explanatory information in the confirmation it sent later to its customers. AHI explains that its flexible refund policies were

expanded to provide refunds without any cancellation fee to customers who requested a refund soon after being informed of the additional fuel charge.

In the firm's view, its apparent errors arose out of practical problems in quoting air-inclusive tour prices nearly a year in advance of the travel dates, when faced with net fare airline contracts and unpredictable carrier fuel surcharges. Since learning of the Department's requirements, the firm explains, it has altered the tour prices quoted on its web site to include fuel surcharges, and has revised its internal processes such that all reservations agents are instructed to include fuel surcharges in prices they quote to customers who telephone to book tours, and to explain to all callers the changes that have been made to prices displayed on the web site. In the booking confirmation sent to customers, the firm avers that it currently includes a fully-inclusive price for the tour. In addition, AHI Travel confirms that it is in the process of redoing its advertising for the upcoming seasons to ensure that it will comply with Department requirements because, as in the past, the firm continues to view its obligations under the Department's full fare advertising rule as a serious matter.

The Enforcement Office has carefully considered all of the information available to it, including that provided by AHI Travel, but continues to believe that enforcement action is warranted. In this connection and in order to avoid litigation, the Enforcement Office and AHI Travel have reached a settlement in this matter. While neither admitting nor denying the above allegations, AHI Travel accepts the findings and conclusions stated herein in order to avoid potential litigation. Under this order, AHI Travel is assessed $45,000 in compromise of potential penalties otherwise assessable under the provisions of 49 U.S.C. § 46301. Of the total penalty amount, $22,500 shall be due and payable within 15 days of the date of issuance of this order. The remaining $22,500 shall be suspended for one year, and then forgiven, unless AHI Travel violates the cease and desist or payment provisions of the order, in which case the entire sum will become due and payable immediately. The Enforcement Office believes that the assessment of a civil penalty of $45,000 is appropriate in light of the nature and extent of the violations in question and will provide an effective deterrent to unlawful conduct in the future by AHI Travel and other sellers of air transportation.

This order is issued under the authority contained in 49 CFR 1.57a and 14 CFR 385.15.

ACCORDINGLY,

1. Based on the above discussion, we approve this settlement and the provisions of this order as being in the public interest;

2. We find that AHI International Corporation d/b/a AHI Travel and Alumni Holidays violated 14 CFR 399.84, as described above, by causing to be published advertisements that failed to state the entire price to be paid by the passenger to the firm for certain air transportation;

3. We find that by engaging in the conduct described in paragraph 2, above, AHI International Corporation d/b/a AHI Travel and Alumni Holidays engaged in an unfair and deceptive practice and an unfair method of competition in violation of 49 U.S.C. § 41712;

4. AHI International Corporation d/b/a AHI Travel and Alumni Holidays and all other entities owned and controlled by, or under common ownership and control with AHI International Corporation d/b/a AHI Travel and Alumni Holidays, and their successors and assignees, are ordered to cease and desist from future violations of 14 CFR 399.84 and 49 U.S.C. § 41712;

5. AHI International Corporation d/b/a AHI Travel and Alumni Holidays is assessed $45,000 in compromise of civil penalties that might otherwise be assessed for the violations found in paragraphs 2 and 3 of this order. Of the total penalty amount, $22,500 shall be due and payable within 15 days of the date of issuance of this order. The remaining $22,500 shall be suspended for one year, and then forgiven, unless AHI International Corporation d/b/a AHI Travel and Alumni Holidays violates the cease and desist or payment provisions of the order, in which case the entire sum will become due and payable immediately. Failure to pay the compromise assessment as ordered will subject AHI International Corporation d/b/a AHI Travel and Alumni Holidays to the assessment of interest, penalty, and collection charges under the Debt Collection Act, and possible enforcement action for failure to comply with this order;

6. Payment shall be made by wire transfer through the Federal Reserve Communications System, commonly known as "Fed Wire," to the account of the U.S. Treasury. The wire transfer shall be executed in accordance with the instructions contained in the Attachment to this order; and

7. We order AHI International Corporation d/b/a AHI Travel and Alumni Holidays to submit to the Office of Aviation Enforcement and Proceedings copies of (a) all advertisements of air tours it causes to be published in printed format or circulates as current during the last 30 days of the one-year period following the issuance of this order; and (b) printouts of screen displays advertising air tour prices on its internet site for the 15th day of each month during the one year period following issuance of this order. This material should be submitted within 15 days of the conclusion of the referenced one-year period.

This order will become a final order of the Department 10 days after its service unless a timely petition for review is filed or the Department takes review on its own motion.

BY:

ROSALIND A. KNAPP
Deputy General Counsel

(SEAL)

An electronic version of this document is available
on the World Wide Web at
http://dms.dot.gov/reports/reports_aviation.asp