CONSENT ORDER

This consent order concerns violations by United Air Lines, Inc., (United) of the Department’s code-share disclosure rule, 14 CFR Part 257, and the statutory prohibition against unfair and deceptive practices, 49 U.S.C. § 41712. The order directs United to cease and desist from future violations of Part 257 and section 41712 and assesses the carrier $80,000 in civil penalties.

Section 257.4 of the code-share disclosure rule states that the holding out or sale of scheduled passenger air transportation involving a code-sharing arrangement is an unfair and deceptive trade practice in violation of 49 U.S.C. § 41712 unless, in conjunction with that holding out or sale, carriers follow certain requirements, including those of 14 CFR 257.5(b). With regard to oral communications concerning a flight that is part of a code-sharing arrangement, section 257.5(b) states that a ticket agent or carrier must disclose to prospective consumers before they book the flight the existence of the code-share arrangement, the corporate name of the transporting carrier, and any other name under which the flight is held out to the public. Violations of section 257.5 constitute unfair and deceptive trade practices and unfair methods of competition in violation of 49 U.S.C. § 41712.

An investigation by the Office of Aviation Enforcement and Proceedings (Enforcement Office) revealed a significant lack of compliance by United with section 257.5. In January 2009, Enforcement Office staff made a number of telephone calls to United’s reservations line to determine if United employees were advising consumers of the code-share status of United flights operated by other carriers, as required by section 257.5(b). The United reservations agents answering those calls failed to disclose the code-share status of the flights in question during a substantial number of those calls.
In mitigation, United states that it is strongly committed to promoting its fares and services in a clear and readily understood manner, and has taken extensive steps to ensure full compliance with this rule. United asserts that any failures that may have occurred by its vendors in this case were on a very limited number of specific routings, due to a programmatic error in its electronic reservation system, which is being corrected. United also states that it greatly appreciates the Department bringing this error to its attention.

We view seriously the failure of United Air Lines, Inc., to disclose code-sharing arrangements as required by 14 CFR Part 257. Accordingly, after carefully considering all of the facts in this case, including those set forth above, the Enforcement Office believes that enforcement action is warranted. In order to avoid litigation and without admitting any alleged violations, United Air Lines, Inc., agrees to the issuance of this order to cease and desist from future similar violations of Part 257 and 49 U.S.C. § 41712, and to the assessment of $80,000 in compromise of potential civil penalties otherwise assessable against it, which amount is payable as described in the ordering paragraphs below. We believe that this compromise assessment is appropriate in view of the nature and extent of the violations in question, serves the public interest, and provides a meaningful incentive to all airlines to comply with the Department’s code-share disclosure rule.

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 United Air Lines, Inc., violated 14 CFR 257.5(b) by failing to disclose code-sharing arrangements as required;

3. We find that by engaging in the conduct and violations described in ordering paragraph 2, above, United Air Lines, Inc., engaged in unfair and deceptive practices and unfair methods of competition in violation of 49 U.S.C. § 41712;

4. We order United Air Lines, Inc., and all other entities owned or controlled by or under common ownership with United Airlines, Inc., its successors and assignees to cease and desist from further violations of 14 CFR Part 257 and 49 U.S.C. § 41712;
5. We assess United Air Lines, Inc., a compromise civil penalty of $80,000 in lieu of civil penalties that might otherwise be assessed for the violations found in ordering paragraphs 2 and 3, above. Of this total penalty amount, $40,000 shall be due and payable within 15 days from the date of issuance of this order. The remaining $40,000 shall become due and payable if United Air Lines, Inc., violates this order’s cease and desist provisions within one year following the date of issuance of this order, or fails to comply with the payment provisions of this order, in which case the entire unpaid portion of the civil penalty shall become due and payable immediately, and United Air Lines, Inc., shall be subject to the assessment of interest, penalty, and collection charges under the Dept Collection Act and to possible additional enforcement action for failure to comply with this order; and

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 in accordance with the instructions contained in the Attachment to this order.

This order will become a final order of the Department 10 days after its service date 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)

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