



**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 May, 2011

**American Travel Solutions, LLC**

**Violations of 14 CFR Part 257 and  
49 U.S.C. § 41712**

**OST-2011-0003  
Served May 6, 2011**

**CONSENT ORDER**

This consent order concerns violations by American Travel Solutions, LLC (ATS), an online airline ticket agent, 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. It directs ATS to cease and desist from future violations of Part 257 and section 41712 and assesses ATS \$45,000 in civil penalties.

Section 257.4 of the Department's 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, the advertiser follows certain notice requirements, including those of 14 CFR 257.5(d). The specific terms of section 257.5(d) require that print advertisements, including those published on the Internet, "prominently disclose that the advertised service may involve travel on another carrier," "clearly indicate the nature of the service in reasonably sized type," and "identify all potential transporting carriers... by corporate name and by any other name under which that service is held out to the public."

An investigation by the Office of Aviation Enforcement and Proceedings (Enforcement Office) revealed a significant lack of compliance by ATS with section 257.5. During at least the latter half of 2010, ATS failed to properly disclose the existence of code-sharing arrangements when advertising code-share flights operated on behalf of a major air carrier by a regional air carrier on its Internet website. Specifically, it did not display the corporate names of the transporting carriers and any other names under which those flights were held out to the public on its flight itinerary pages. ATS' failure to properly disclose the existence of code-sharing arrangements and the names of the transporting

carriers could have resulted in consumers being deceived regarding the identity of the airline that was actually to operate the aircraft on which the consumer would be flying.

In mitigation, ATS states that it never intended to violate the Department's code-share disclosure rules or conceal information from its customers. It further states that it relied upon a global distribution system ("GDS") to provide information regarding code-share flights and always fully disclosed all of the information provided to it by the GDS regarding code-share flights. It further explains that during the time the Enforcement Office conducted its investigation, the GDS upon which it relied had not been providing the corporate names of operating carriers for certain flights, specifically in cases where the operating carrier did not have a two letter IATA carrier code. ATS states that in these instances, it was only able to display a generic message, "Operated by Commuter Partner," instead of the operating carrier's corporate name.

ATS states that immediately upon hearing from the Enforcement Office, it took steps to address its code-share disclosure issues for both the short term and the long term. ATS explains that for the short term, it created its own internal database of operating carrier information by contacting each air carrier to determine their flight-number-to-carrier mapping scheme. ATS states that it immediately made its GDS aware of the issue and requested modifications to ensure future compliance with the code share disclosure requirements. ATS further explains that its team worked virtually around the clock to quickly become compliant with both the Department's original code-share disclosure requirements, found in 14 CFR Part 257, and the new statutory requirements found in 49 U.S.C. § 41712(c).

We view seriously ATS' failure 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, ATS 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 \$45,000 in compromise of potential civil penalties otherwise assessable against it. 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 and ticket agents 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,

- 1.1. 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 American Travel Solutions, LLC, violated 14 CFR 257.5(d) 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, American Travel Solutions, LLC, engaged in an unfair and deceptive practice and unfair method of competition in violation of 49 U.S.C. § 41712;
4. We order American Travel Solutions, LLC, and all other entities owned or controlled by, or under common ownership and control with American Travel Solutions, LLC, and 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 American Travel Solutions, LLC, \$45,000 in compromise of civil penalties that might otherwise be assessed for the violations described above. Of this total penalty amount, \$22,500 shall be due and payable as follows: \$7,500 shall be due and payable within 30 days of the date of issuance of this order; 3 payments of \$5,000 each shall be due and payable on July 1, 2011, August 1, 2011, and September 1, 2011. The remaining portion of the civil penalty amount, \$22,500, shall become due and payable if, within one year of the date of issuance of this order, American Travel Solutions, LLC, violates this order's cease and desist provisions or fails to comply with this order's payment provisions, in which case, American Travel Solutions, LLC, may become subject to additional enforcement action for violation of the order; and
6. Payments 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. Failure to pay the penalty as ordered will subject American Travel Solutions, LLC, to the assessment of interest, penalty and collection charges under the Debt Collection Act and to possible enforcement action for failure to comply with 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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