



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

**Issued by the Department of Transportation
On the Twentieth day of February, 2014**

**Global Target International Inc., d/b/a
GTS Globotours**

**Violations of 49 U.S.C. § 41712 and
14 CFR Part 399**

Docket DOT-OST 2014-0001

Served February 20, 2014

CONSENT ORDER

This consent order concerns advertisements by Global Target International Inc., d/b/a GTS Globotours (collectively Globotours), that violate the requirements specified in Part 399 of the Department's regulations, and constitute unfair and deceptive trade practices in violation of 49 U.S.C. § 41712. An investigation by the Department's Office of Aviation Enforcement and Proceedings ("Enforcement Office") revealed that Globotours' advertisements for air tours violated 14 CFR 399.84(a), 399.88 and 399.89, by failing to state the full fare and impermissibly stating that the advertised prices were subject to post-sale price increases even after final payment. The advertising violations also constituted unfair and deceptive practices in violation of section 41712. This order directs Globotours to cease and desist from future violations and assesses the company a compromise civil penalty of \$80,000.

Applicable Law

As a ticket agent,¹ Globotours is subject to the prohibition on engaging in unfair and deceptive practices set forth in 49 U.S.C. § 41712 and to the advertising requirements of Part 399 of the Department's rules. To ensure that consumers are not deceived and are given accurate and complete fare information on which to base their air travel purchase decisions, 14 CFR 399.84(a) requires that advertisements specifying airfares and tour package prices with an air component state the entire price to be paid by the consumer. Although charges included within the single total price listed, e.g., government-imposed fees and taxes, may be described separately or through links or "pop ups" on websites that display the total price, such descriptions may not be false or misleading, may not be displayed as prominently as the full price, may not be presented in the same or larger size as the total price, and must provide cost information on a per passenger basis that accurately reflects the cost of the item covered by the charge. It follows that significant restrictions on the price of an air fare or air tour package, such as double occupancy, single supplements, cash only prices, and conditions on availability, must be properly disclosed with the pertinent advertised fares.²

In addition, under section 399.88, in effect since January 26, 2012, a seller of air transportation may not increase the price of an air fare or air tour package after the consumer has paid in full unless the seller has provided notification of potential price increases, and the consumer has given written consent to the assessment of such increases prior to making full payment. Further, only price increases due to increases in government taxes or fees may be passed on to consumers after they have made full payment.³ Under section 399.89, the seller must provide notification and obtain the consumer's written consent before *any* payment is made in order to be permitted to increase the price later based on increases in carrier-imposed fees or charges.⁴ Violations

¹ A "ticket agent" is defined as "a person (except an air carrier, a foreign air carrier, or an employee of an air carrier or foreign air carrier) that as a principal or agent sells, offers for sale, negotiates for, or holds itself out as selling, providing, or arranging for, air transportation." 49 U.S.C. § 40102(a)(45).

² See *Bloomspot, Inc.*, Order 2013-7-27 (July 31, 2013); *British Airways*, Order 2012-10-1 (October 1, 2012); *Lion World Travel d/b/a South African Airways Vacations*, Order 2010-9-5 (Sept. 3, 2010) and *Unique Vacations, Inc.*, Order 2010-11-7 (Nov. 8, 2010). The Enforcement Office views a double occupancy requirement as an element of the price of an air fare or air tour package, which must be disclosed prominently and proximately to the advertised fare.

³ Section 399.88 prohibits sellers of air transportation from imposing any "increase [in] the price of that air transportation, tour or tour component to a consumer, including but not limited to an increase in the price of the seat, an increase in the price for the carriage of passenger baggage, or an increase in an applicable fuel surcharge, after the air transportation has been purchased by the consumer, except in the case of an increase in a government-imposed tax or fee."

⁴ Under section 399.89, sellers of air transportation "must notify a consumer of the potential for a price increase that could take place prior to the time that the full amount agreed upon has been paid by the consumer, including but not limited to an increase in the price of the

of sections 399.84(a), 399.88, and 399.89 (and the previous full fare rule, section 399.84), constitute unfair and deceptive practices and unfair methods of competition in violation of section 41712.

Background and Relevant Facts

Globotours is a ticket agent that specializes in offering packages which include airfares, hotel accommodations, guided tours, cruises and related amenities, particularly to China, India, Singapore and other countries in the Far East. Globotours promotes its air travel packages through e-mail solicitations, subscriptions, and advertisements published on various web sites, including www.globotours.net.

An investigation by the Enforcement Office revealed that during 2012 and 2013, Globotours published daily advertisements on its own and other web sites, promoting air tour packages, combining airfares, hotel, cruises, land tours, and related amenities that did not include the entire price to be paid by the consumer and, therefore, failed to meet the requirements of 14 CFR 399.84(a). The prices advertised by Globotours for its air package tours failed to include service and/or booking fees and failed to disclose that numerous significant restrictions applied. For example, the prices required double occupancy, or the payment of a single supplement, which must be disclosed prominently and proximately to the advertised fare. Globotours also advertised air tour package prices that did not include “departure taxes, airline security fees, fuel surcharges, airport fee and local taxes”⁵ in violation of the full-fare advertising rule.

In addition, the Globotours web site advertised prices with a statement that: “Tour prices include current fuel surcharges & US departure taxes of approx. \$414.00 per person.” However, further down on the web page the following language appeared: “All tour prices include cost of planning, booking and operations and are subject to change without prior notice.” In connection with certain air tour packages, after consumers had paid the initial required deposit, Globotours informed consumers that there would be a price increase, for example, due to an increase in a fuel surcharge, and that the only way to avoid that increase was to pay the full amount of the trip immediately. It is impermissible under the Department’s regulations to advertise less than the full fare or to impose additional charges after a consumer has paid for an air

seat, an increase in the price for the carriage of passenger baggage, an increase in an applicable fuel surcharge, or an increase in a government-imposed tax or fee and must obtain the consumer's written consent to the potential for such an increase prior to accepting any payment for the scheduled air transportation, or tour or tour component that includes scheduled air transportation. Imposition of any such increase without providing the consumer the appropriate notice and obtaining his or her written consent to the potential increase constitutes an unfair and deceptive practice.”

⁵ The Globotours website contained a “Terms and Conditions” section which stated: “**NOT INCLUDED:** ‘...departure taxes, airline security fees, fuel surcharges, airport fee and local taxes.’ ”

tour package unless, before accepting payment, the ticket agent has obtained written consent by the consumer to price increases. The failure to state the full price is a violation of 14 CFR 399.84(a), and imposing additional fees or surcharges after the purchase, as described above, does not comply with 14 CFR 399.88 or 399.89. By violating sections 399.84(a), 399.88, and 399.89, Globotours also engaged in unfair and deceptive practices in violation of 49 U.S.C. 41712.

Statement in Mitigation

In mitigation and explanation, Globotours states that it is a small travel agency owned by husband and wife with only five other employees. Globotours asserts that at all times it had endeavored to comply with the DOT's regulations, and takes these obligations seriously. Globotours further explains that, immediately upon receiving the Department's letter of investigation, the firm reviewed its web pages to ensure that all air tour package prices posted on Globotours web site, www.globotours.net, were all-inclusive, and it made any necessary changes within two weeks. As a result, the ticket agent states, all Globotours' advertising now clearly states the entire price, including all taxes, fees and carrier-imposed surcharges. Globotours adds that further revisions to the terms and conditions language were made promptly after informal discussions with the Enforcement Office. As a result of these remedial steps, Globotours avows that it is now fully compliant with the Department's rules and guidance.

Globotours adds that it understands that the Department's objective in its fare advertising rules and prohibition on post-purchase increases in charges is to protect consumers from deceptive advertising practices. Globotours states that it has never attempted to deceive the public. As of this date, Globotours repeats that it has yet to receive a single complaint from a consumer regarding air tour package pricing, advertising or Globotours' terms and conditions for air tour packages.

Findings and Decision

The Enforcement Office has carefully considered all of the information available to it, including that provided by Globotours, but continues to believe that enforcement action is warranted. In order to avoid litigation, the Enforcement Office and Globotours have reached a settlement in this matter. While neither admitting nor denying the above allegations, Globotours accepts the findings and conclusions stated herein in order to avoid potential litigation, and agrees to cease and desist from further violations of 14 CFR 399.84(a), 399.88, and 399.89, and 49 U.S.C. § 41712. Under this order, Globotours is assessed \$80,000 in compromise of potential penalties otherwise assessable under the provisions of 49 U.S.C. § 46301. This 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 Globotours and other sellers of air transportation.

This order is issued under the authority contained in 49 CFR Part 1.

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 Global Target International Inc., d/b/a GTS Globotours violated 14 CFR 399.84(a) as described above, by publishing advertisements that failed to state the entire price to be paid by the consumer to the ticket agent for certain air transportation;
3. We find that Global Target International, Inc., d/b/a GTS Globotours, violated 14 CFR 399.88 and 399.89, as described above, by requiring payment of additional fees and charges after the consumer paid the advertised price;
4. We find that by engaging in the conduct described in paragraphs 2 and 3, above, Global Target International, Inc., d/b/a GTS Globotours, engaged in an unfair and deceptive practice in violation of 49 U.S.C. § 41712;
5. We order Global Target International, Inc., d/b/a GTS Globotours, and all other entities owned and controlled by, or under common ownership and control with Global Target International, Inc., d/b/a GTS Globotours, and their successors and assignees, to cease and desist from future violations of 14 CFR 399.84(a), 399.88, and 399.89, and 49 U.S.C. § 41712;
6. Global Target International, Inc., d/b/a GTS Globotours is assessed \$80,000 in compromise of civil penalties that might otherwise be assessed for the violations found in ordering paragraphs 2 through 4 of this order. Of the total penalty amount, \$5,000 is due and payable within 15 days of the date of issuance of this order; another \$5,000 is due and payable by May 1, 2014; 12 additional payments of \$2,500 apiece are due and payable on the first of the months of June, July, August, September, October, November and December, 2014, as well as January, February, March, April and May, 2015. The remaining portion of the civil penalty amount, \$40,000, shall become due and payable immediately if Global Target International, Inc., d/b/a GTS Globotours violates this order's cease and desist provision within twelve months following the date of issuance of this order, or fails to comply with the order's payment provisions;
7. Failure to pay the compromise assessment as ordered shall subject Global Target International, Inc., d/b/a GTS Globotours to the assessment of interest, penalty, and collection charges under the Debt Collection Act, and to possible further enforcement action for failure to comply with this order; and
8. We order Global Target International, Inc., d/b/a GTS Globotours to pay the penalty through Pay.gov to the account of the U.S. Treasury. Payment shall be

made 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 unless a timely petition for review is filed or the Department takes review on its own motion.

BY:

BLANE WORKIE
Acting Assistant General Counsel for
Aviation Enforcement and Proceedings

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