



**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**

JetBlue Airways Corporation

**Violations of 14 CFR Part 254 and
49 U.S.C. § 41712**

Docket OST 2014-0001

Served February 20, 2014

CONSENT ORDER

This consent order concerns violations by JetBlue Airways Corporation (JetBlue) of the Department's domestic baggage liability rule, 14 CFR Part 254. It directs JetBlue to cease and desist from future violations of Part 254, and assesses the carrier a compromise civil penalty of \$25,000.

Applicable Law

Pursuant to 14 CFR 254.4, an air carrier shall not limit its liability for provable direct or consequential damages resulting from the disappearance of, damage to, or delay in delivery of a passenger's baggage to an amount less than \$3,400 per passenger for travel on or after June 6, 2013.¹ In addition, section 254.6 requires the Department to review every two years the minimum limit of liability and to revise the limit to reflect changes in the Consumer Price Index for All Urban Consumers (CPI-U).² Carriers must provide passengers with proper notice of the baggage liability limit on or with their tickets, as required by section 254.5. Violations of Part 254 constitute unfair or deceptive business practices and unfair methods of competition in violation of 49 U.S.C. § 41712.

¹ The minimum liability for travel before June 6, 2013, was \$3,300. 78 Fed. Reg. 14913.

² Effective January 18, 2000, the Department raised the minimum limit from \$1,250 to \$2,500 (64 Fed. Reg. 70573). On September 22, 2004, the minimum limit was raised to \$2,800 (69 Fed. Reg. 56692); thereafter on January 29, 2007, the minimum limit was raised to \$3,000; on November 21, 2008, the minimum limit was raised to \$3,300 (73 Fed. Reg. 70591); and most recently, on March 8, 2013, the limit was increased to \$3,400, effective June 6, 2013 (78 Fed. Reg. 14913).

Facts and Conclusions

In August 2013, the Office of Aviation and Enforcement Proceedings (Enforcement Office) learned that JetBlue was dispensing boarding passes from its kiosks which stated on the back of the pass that the limit on domestic baggage liability was \$2,500, the liability limit in effect between January 2000 and October 2004. Specifically, the Enforcement Office determined that out of JetBlue's seventy nine airport stations, forty four stations had JetBlue-owned kiosks, and it was those kiosks that were printing boarding passes with the outdated baggage liability limit. The outdated amount was found only on the back of JetBlue's boarding passes and not on electronic tickets and other documents that disclosed the baggage liability limit. As described above, in accordance with section 254.5, carriers are required to provide passengers with the proper notice of the baggage liability limit on or with their tickets. By providing outdated information to passengers, JetBlue violated 14 CFR 254.5 and 49 U.S.C. § 41712.

Mitigation

In mitigation, JetBlue states that it takes its regulatory responsibilities very seriously. JetBlue states that each of its passengers were informed of the correct limit on liability for baggage claims through its email ticket confirmations, which contained the correct liability limit, and in addition its contract of carriage stated the accurate limit. While the information contained on the back of the boarding passes was outdated, JetBlue complied with the requirements of 14 CFR Part 254 by providing the correct liability limits through its email confirmation and its contract of carriage. To its knowledge, JetBlue states that no passenger's recovery for lost luggage was ever limited as stated in the outdated boarding passes, and that its policy is, and always has been, to apply the correct limit. JetBlue also states that it has removed the outdated boarding passes from circulation and is currently in full compliance with Part 254.

Decision

The Enforcement Office has carefully considered the information provided by JetBlue, but continues to believe enforcement action is warranted. The Enforcement Office and JetBlue have reached a settlement of this matter in order to avoid litigation. Without admitting the violations described above, JetBlue consents to the issuance of this order to cease and desist from future violations of 14 CFR Part 254 and 49 U.S.C. § 41712, and to the assessment of \$25,000 in compromise of potential civil penalties otherwise due and payable pursuant to 49 U.S.C. § 46301.

The compromise assessment is appropriate considering the nature and extent of the violations described herein and serves the public interest. It establishes a strong deterrent to future similar unlawful practices by JetBlue 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 information, we approve this settlement and the provisions of this order as being in the public interest;
2. We find that JetBlue Airways Corporation violated the requirements of 14 CFR 254.5 by providing an inaccurate statement of the minimum limit on domestic baggage liability on its boarding passes;
3. We find that JetBlue Airways Corporation by its activities described in ordering paragraph 2, above, engaged in unfair and deceptive practices in violation of 49 U.S.C. § 41712;
4. We order JetBlue Airways Corporation, and all other entities owned or controlled by, or under common ownership and control with JetBlue Airways Corporation, its successors, affiliates, and assignees, to cease and desist from further violations of 14 CFR Part 254 and 49 U.S.C. § 41712;
5. We assess JetBlue Airways Corporation \$25,000 in civil penalties in compromise of civil penalties that might otherwise be assessed for the violations found in ordering paragraphs 2 and 3 above; and
6. We order JetBlue Airways Corporation to remit the payment assessed in paragraph 5, above, within 30 days of the issuance of this order. Payment shall be made through Pay.gov 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 shall subject to the assessment of interest, penalty, and collection charges under the Debt Collection Act and to further enforcement action for failing 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:

BLANE A. WORKIE
Acting Assistant General Counsel for
Aviation Enforcement and Proceedings

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