



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

Issued by the Department of Transportation
On the Twenty-Sixth day of April, 2011

Airtrade International, Inc.

OST-2011-0003

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

Served April 26, 2011

CONSENT ORDER

This consent order concerns violations by Airtrade International, Inc., (Airtrade) 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 Airtrade to cease and desist from future violations of Part 257 and section 41712 and assesses Airtrade \$50,000 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 Airtrade with section 257.5. During at least the latter half of 2010, Airtrade 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 www.vayama.com. 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. Airtrade's 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, Airtrade states that the flight listings on its website that did not disclose code-share flights were in part due to a failure by its Global Distribution System ("GDS") provider to properly identify flights that involved code-share segments. Once Airtrade received notice of the code-share disclosure requirements, it promptly brought its website into compliance with those requirements as specified in 49 U.S.C. § 41712 and 14 CFR Part 257. Airtrade states that it will continue to monitor its website to ensure that it discloses code-share flights according to the information it receives from its GDS provider and/or the airlines.

We view seriously the failure of Airtrade 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, Airtrade 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 \$50,000 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. 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 Airtrade International, Inc., 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, Airtrade International, Inc., engaged in an unfair and deceptive practice and unfair method of competition in violation of 49 U.S.C. § 41712;
4. We order Airtrade International, Inc., and all other entities owned or controlled by, or under common ownership and control with Airtrade International, Inc., 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 Airtrade International, Inc., \$50,000 in compromise of civil penalties that might otherwise be assessed for the violations described above. Of this total penalty amount, \$25,000 shall be due and payable within 30 days of the

date of issuance of this order. The remaining portion of the civil penalty amount shall become due and payable if, within one year of the date of issuance of this order, Airtrade International, Inc., violates this order's cease and desist provisions or fails to comply with this order's payment provisions, in which case, Airtrade International, Inc., 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 Airtrade International, Inc., 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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