

Statement to Travel Agents of ARC's Policy Regarding "Hidden city", "Back-to-Back" and "Throwaway" Tickets

ARC is aware that certain ticketing practices ("hidden city", "back to back" or "throwaway" tickets) have been the subject of disputes between travel agents and carriers.

Some carriers have issued tariff rules that prohibit these practices, and have issued debit memos to travel agents when the carrier identifies a passenger who has used a hidden city, back-to-back or throwaway ticket. Disputes over these tariffs and debit memos have led to several lawsuits between passengers or travel agents and one or more carriers.

Although ARC does not get involved in disputes over tariff-related debit memos, ARC was named as a defendant in certain of these lawsuits. ARC was dismissed in two of the cases (Chase v. Northwest Airlines and All Direct Travel v. Delta), and settled the third (Westways World Travel v. AMR Corp. et al.) in order to avoid the further costs of litigation. As part of the Westways settlement, ARC has agreed to issue this statement to all ARC-accredited travel agents clarifying ARC's policies with respect to debit memos between travel agents and carriers relating to hidden city, back-to-back and throwaway tickets. This statement does not announce a change in ARC's policies; rather, it restates and clarifies for the benefit of travel agents the policies that ARC has consistently followed.

ARC's statement is set forth below:

ARC will not participate or aid in the enforcement of debit memos by a carrier relating to hidden city, back-to-back or throwaway tickets. ARC does not involve itself in disputes between travel agents and carriers involving debit memos relating to hidden city, back-to-back or throwaway tickets. Disputes pertaining to such debit memos are matters solely between the agent and the carrier.

If an agent contests a debit memo relating to hidden city, back to back or throwaway tickets, it should contact the carrier directly. A travel agent is not required to report or pay contested debit memos through ARC. (A travel agent may, however, voluntarily submit payments for such debit memos through the agent's regular sales reports to ARC; if the agent chooses to do so then ARC will process such payments.)

In the event that a proceeding before the Travel Agent Arbiter involves issues related to a contested debit memo issued by American Airlines or American Eagle and relating to hidden city, back-to-back or throwaway tickets, the travel agent may inform the Arbiter that such debit memo is being contested in the lawsuit *Westways World Travel et al. v. AMR Corp. et al.*

ARC will not terminate the ARC accreditation of any travel agent who refuses to pay a contested debit memo relating to hidden city, back-to-back or throwaway tickets, even if the carrier revokes that agent's appointment to sell travel on that airline. (ARC may, however, seek a cease and desist order from the

Travel Agent Arbiter in the event a travel agent uses ARC traffic documents to issue tickets on a carrier following the carrier's revocation of that agent's appointment for any reason, *provided* that if the agent's appointment was revoked by American Airlines or American Eagle for failure to pay a debit memo related to hidden city, back-to-back or throwaway tickets, the travel agent may inform the Travel Agent Arbiter that revocation was based on the agent's refusal to pay a debit memo that is being contested in the lawsuit *Westways World Travel et al. v. AMR Corp.*)

If you have any additional questions about ARC's statement in this regard, please contact ARC's Law Department.