

Department of Transportation  
Office of Aviation Enforcement and Proceedings

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Cathay Pacific ) February 4, 2013  
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Price Advertising Violations of )  
49 U.S.C. § 41712 and 14 CFR 399.84(a) )  
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Cathay Pacific advertises around-the-world air travel via the self-service booking tool at <http://rtw.oneworld.com/> . This tool systematically mischaracterizes carrier-imposed surcharges as “tax.” These amounts can be substantial – regularly more than \$1000 on a single ticket, and I believe in some instances more than \$2000.

I hereby request that DOT docket this complaint as a request for DOT to exercise its authority under 49 USC 41712 to investigate and impose sanctions on Cathay Pacific for the unfair and deceptive practices described herein.

If a passenger chooses an itinerary with the first segment on Cathay Pacific, Cathay Pacific charges the customer’s credit card and issues the entire ticket. See <http://www.oneworld.com/flights/plan-book-online/?faqOnly=1> at heading “FAQ” – “Who is my ticketing airline?”

I have quoted a variety of around-the-world tickets using this tool. For example, on January 20, 2013, I quoted a coach ticket ORD-HKG-NRT-HKG-SIN-LHR-ARN-LHR-DXB-LHR-JFK-YVR with the first four segments on CX. Taxes were quoted at \$1,327.44 USD. See Attachment 1. I clicked the “Proceed” button and received the lengthy itinerary and fare quote shown in Attachment 2, reiterating the \$1,327.44 quote of “Taxes.” There, the word “Taxes” appeared as a hyperlink. I clicked this link, receiving the itemization in Attachment 3. The top two lines of that itemization report “Multiple Surcharges” of \$242.50 and “Surcharge” of \$798.

As best I can tell there are no actual government taxes totaling the \$1,327.44 “tax” charged on this itinerary. Rather, I believe the majority of the \$1,327.44 “tax” – specifically, the \$242.50 and \$798 later characterized as “surcharge” – are actually carrier-imposed surcharges. Thus, 78.3% of the \$1,327.44 “tax” is not actually tax but rather carrier-imposed surcharge.

Crucially, the initial disclosures (as shown in Attachments 1 and 2) mischaracterize the amounts at issue as “taxes”, not “taxes and surcharges” or the like. Moreover, every user using this booking tool must see the screens in Attachments 1 and 2; in contrast, the information in Attachment 3 is shown only if users specifically click the “Taxes” hyperlink to view details. Thus, even though Attachment 3 describes the surcharges within a page entitled “taxes and surcharges information”, most users are unlikely to see this screen. Moreover, the “and surcharges” label appears only in HTML title, not in page text – insufficiently prominent to cure the false statements made previously. Indeed, at the same time that the “taxes and surcharges” label appears at the top of the page (indicating that some of the listed charges are “surcharges” rather than taxes), the wording “TaxBreakdownPopUp” appears immediately below (in the popup’s URL bar) (indicating that everything in the listing is a “tax”). Finally, even on the most favorable view, the statements in Attachment 3 still fall short of applicable DOT rules: Note the absence of the crucial words “carrier-imposed” as well as the failure to include statements substantiating the surcharge amounts (“On average our passengers paid...” or similar). These omissions are in sharp contrast to the requirements of Additional Guidance on Airfare/Air Tour Price Advertisements (<http://airconsumer.dot.gov/rules/Notice.Taxes.fees.sam.dl.13.website.pdf>).

#### **Required Resolution**

I ask that the Department of Transportation:

- (1) Exercise its authority under 49 USC 41712 to open an investigation of Cathay Pacific for having engaged in, and continuing to engage in, the unfair or deceptive practices described above;
- (2) Order Cathay Pacific to refund to ticket purchasers all monies represented to ticket purchasers as "taxes" or government-imposed fees, but not actually remitted to governments;
- (3) Impose appropriate civil penalties on Cathay Pacific;
- (4) Refer this matter to appropriate US and foreign tax collection agencies for investigation of possible tax fraud or other violations of tax law in non-payment to governments of monies collected as “taxes” or government-imposed fees; and
- (5) Issue any guidance or revised regulations needed to clarify to other airlines and ticket agents, and to preclude any future claim of ambiguity, that these practices are unfair and deceptive in violation of 49 USC 41712.

Submitted February 4 2013,

/s/

Benjamin Edelman

# Attachment 1

The screenshot shows the oneworld planner interface in a Firefox browser. The main map displays a round-the-world itinerary with stops in Chicago, Hong Kong, Tokyo, Singapore, Stockholm, Dubai, and Vancouver. A popup window titled "Accurate price for all travellers" is displayed over the map, showing the following breakdown:

Category	Amount (USD)
Fare Component	3,740.00
Taxes	1,327.44
Service Charge	0.00
<b>Total</b>	<b>5,067.44</b>

Below the breakdown, a message states: "Please ensure your credit card issuer will authorize a charge for the above amount." The popup includes "Cancel" and "Proceed" buttons.

The right-hand side of the screen shows the "My Itinerary" section with a list of stops and their dates:

- 1. Chicago (17 Mar 13)
- 2. Hong Kong (20 Mar 13)
- 3. Tokyo (22 Mar 13)
- 4. Singapore (24 Mar 13)
- 5. Stockholm (27 Mar 13)
- 6. Dubai (31 Mar 13)
- 7. Vancouver (Your itinerary is complete)

The "Summary" section for the Dubai leg provides the following details:

- Depart: Dubai (DXB)
- Arrive: Vancouver (YVR)
- Carrier: British Airways (BA), ...
- Depart Time: 10:05
- Arrive Time: 01:30 (+1 day)
- Duration: 26h 25m
- Flight Number: BA 108, BA 189, CX 889
- Distance: 0 miles

At the bottom of the screen, a legend explains the map symbols: blue lines for "No flight chosen", black lines for "Flight chosen", green squares for "Direct flights", yellow squares for "Single connections", orange squares for "Multiple connections", and red triangles for "Rule prohibited". A status bar at the bottom indicates "12/16 allowances used".

# Attachment 2

Firefox | oneworld - review | wftc2.e-travel.com/plmsa/oneworld/RTW/Override.action?...  
steps: search flights review **managers** purchase reservation

### Step 3 - Review your flight details

**Chicago, IL to Hong Kong**

**Sunday, March 17, 2013**  
Departure: 15:00 Chicago, IL, USA - O'Hare International  
Arrival: 19:55 +1 day(s) Hong Kong, Hong Kong (SAR of China) - Hong Kong International  
Airline: Cathay Pacific CX807 Boeing 777-300ER  
Cabin Class: Economy Restricted

**Hong Kong to Tokyo**

**Wednesday, March 20, 2013**  
Departure: 08:40 Hong Kong, Hong Kong (SAR of China) - Hong Kong International  
Arrival: 13:25 Tokyo, Japan - Tokyo Intl (Haneda)  
Airline: Cathay Pacific CX548 Boeing 747-400  
Cabin Class: Economy Restricted

**Tokyo to Singapore**

**Friday, March 22, 2013**  
Departure: 10:45 Tokyo, Japan - Tokyo Intl (Haneda)  
Arrival: 15:05 Hong Kong, Hong Kong (SAR of China) - Hong Kong International  
Airline: Cathay Pacific CX543 Boeing 747-400  
Cabin Class: Economy Restricted

→ Change of plane required. Time between flights : 0:55.

**Friday, March 22, 2013**  
Departure: 16:00 Hong Kong, Hong Kong (SAR of China) - Hong Kong International  
Arrival: 19:50 Singapore, Singapore - Changi  
Airline: Cathay Pacific CX711 Boeing 777-300  
Cabin Class: Economy Restricted

**Singapore to Stockholm**

**Sunday, March 24, 2013**  
Departure: 22:55 Singapore, Singapore - Changi  
Arrival: 04:50 +1 day(s) London, United Kingdom - Heathrow  
Airline: British Airways BA12 Boeing 747-400  
Cabin Class: Economy Restricted

→ Change of plane required. Time between flights : 2:25.

**Monday, March 25, 2013**  
Departure: 07:15 London, United Kingdom - Heathrow  
Arrival: 10:45 Stockholm, Sweden - Arlanda  
Airline: British Airways BA776 Airbus Industrie A321  
Cabin Class: Economy Restricted

**Stockholm to Dubai**

**Wednesday, March 27, 2013**  
Departure: 07:15 Stockholm, Sweden - Arlanda  
Arrival: 09:00 London, United Kingdom - Heathrow  
Airline: British Airways BA771 Airbus Industrie A320-100/200  
Cabin Class: Economy Restricted

→ Change of plane required. Time between flights : 3:45.

**Wednesday, March 27, 2013**  
Departure: 12:45 London, United Kingdom - Heathrow  
Arrival: 23:30 Dubai, United Arab Emirates - Dubai Intl  
Airline: British Airways BA107 Boeing 747-400  
Cabin Class: Economy Restricted

**Dubai to Vancouver**

**Sunday, March 31, 2013**  
Departure: 10:05 Dubai, United Arab Emirates - Dubai Intl  
Arrival: 15:00 London, United Kingdom - Heathrow  
Airline: British Airways BA108 Boeing 777-200/300  
Cabin Class: Economy Restricted

→ Change of plane required. Time between flights : 1:15.

**Sunday, March 31, 2013**  
Departure: 16:15 London, United Kingdom - Heathrow  
Arrival: 19:00 New York, NJ, USA - Newark Liberty International  
Airline: British Airways BA189 Boeing 777-200/300  
Cabin Class: Economy Restricted

✈ Change of airport required. Newark Liberty International - John F Kennedy.  
Time between flights : 3:40.

**Sunday, March 31, 2013**  
Departure: 22:40 New York, NY, USA - John F Kennedy  
Arrival: 01:30 +1 day(s) Vancouver, Canada - Vancouver International  
Airline: Cathay Pacific CX889 Boeing 777-300ER  
Cabin Class: Economy Restricted

Attachment 2 (continued)

Firefox | oneworld - review | wftc2.e-travel.com/plnext/oneworldRTW/Override.action?...\_utmas=118457175.919414579.1354464708.1358644374.1358740341.5&\_utml

**Tokyo to Singapore**

**Friday, March 22, 2013**  
 Departure: 10:45 Tokyo, Japan - Tokyo Intl (Haneda)  
 Arrival: 15:05 Hong Kong, Hong Kong (SAR of China) - Hong Kong International  
 Airline: Cathay Pacific CX543 Boeing 747-400  
 Cabin Class: Economy Restricted

→ Change of plane required. Time between flights : 0:55.

**Friday, March 22, 2013**  
 Departure: 16:00 Hong Kong, Hong Kong (SAR of China) - Hong Kong International  
 Arrival: 19:50 Singapore, Singapore - Chang  
 Airline: Cathay Pacific CX711 Boeing 777-300  
 Cabin Class: Economy Restricted

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 Airline: Cathay Pacific CX889 Boeing 777-300ER  
 Cabin Class: Economy Restricted

**Legend:** e = e-ticket option, USD = U.S. Dollar

**Price**

Travellers	Fare	Taxes
1 Adult(s)	3,740.00	1,327.44
<b>total price for all travellers</b>		<b>5,067.44 USD</b>

[one world Explorer Product Information](#)

**Important notes**

Taxes are included except where local airport taxes are collected at check-in time  
 For additional baggage allowance and disclosure information: <https://baok.oneworld.com>  
 If your Credit Card issuer charges a different currency than the one quoted above, exchange rates or commissions from your Credit Card issuer may apply

[Back](#) [Traveller Details](#)

Attachment 3

<b>Adult traveller(s)</b>	
Multiple Surcharges	242.50 USD
Surcharge	798.00 USD
U.S. Customs Fee	5.50 USD
U.S. International Transportation Tax - Departure	17.20 USD
International Arrival Transportation Tax (USA)	17.20 USD
U.S. Animal and Plant Inspection Service Users Fee	5.00 USD
Immigration and Naturalization Service Fee	7.00 USD
September 11th Security Fee	5.00 USD
Hong Kong Air Passenger Departure Tax	15.48 USD
Passenger Service Facilities Charge - Japan	22.35 USD
Tax description unavailable (OISE)	1.12 USD
Passenger Service and Security Charge Singapore	11.34 USD
Tax description unavailable (OPAE)	4.98 USD
Tax description unavailable (OOSE)	6.53 USD
UK Passenger Service Charge	112.78 USD
Passenger Service and Security Charge	24.68 USD
Tax description unavailable (AEAD)	20.42 USD
Tax description unavailable (TPSE)	1.36 USD
Passenger Facility Charges	9.00 USD
	1,327.44 USD
x 1 Adult(s) =	1,327.44 USD
	<b>total taxes = 1,327.44 USD</b>