

ASTA Victorious on Behalf of Travel Agents in ARC Case

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The Independent Arbitration Panel (IAP) granted ASTA's appeal of the annual fee increase by the Airlines Reporting Corp. (ARC).

In its ruling, the IAP said: 'The IAP finds that ARC has not met its burden of proof to show that the new annual administrative fees adopted by ARC on Dec. 6, 2007, represent a fair allocation of costs between carriers and agents. Therefore, ASTA's appeal is granted. [ARC's decision] on annual fees represents a shifting of ARC's cost burden from the carriers to the travel agents without any proven benefit to either ARC or travel agents.'

'Today's ruling shows that David can bring down Goliath when you have right on your side,' said Cheryl Hudak, CTC, ASTA president and CEO. 'This is a tremendous victory, not just for ASTA but for travel agents across the country who now will not be subject to unconscionable annual fee increases that could have risen by as much as 500 percent in coming years.'

'Many groups, including ASTA's Corporate Advisory Council, were involved in this victory, but we would specifically like to thank Carlson Wagonlit Travel Network Associates and Uniglobe Travel USA LLC, and in particular Andrew Henry (Uniglobe), Don Kennedy (Carlson), Priscilla Alexander (Protravel International) and Allan Huntley (Abacus Travel) who served as agency witnesses in the appeal,' she said.

Although the IAP finding applies to the 2008 fee increase specifically, it went on to address the future years covered by ARC's fee increase plan, saying that 'absent new evidence,' the proposed fee structure does not appear to represent a fair allocation of costs 'based on the value of other services that ARC provides and offers to the travel agents.' The most immediate result from this ruling is that the second installment on the annual fee that was to be collected by ARC later this month cannot be collected.

In December 2007, ARC announced that it would collect \$150 of the fixed-fee portion of the annual fee from ARC-accredited independent locations in January 2008 and the remaining balance in July 2008. Subsequently, ASTA, along with Carlson Travel Network Associates, Inc. and UNIGLOBE Travel USA LLC, all members of ARC's Joint Advisory Board-Agent Reporting Agreement (JAB-ARA), filed a Notice of Appeal with the IAP in response to a decision by ARC's Board of Directors to increase ARC annual administrative fees by as much as 172 percent in 2008, rising to more than 500 percent in 2011.

In January of this year, ASTA filed its opening salvo in the fight against the annual fee increase when it submitted to the IAP the Appellants' Opening Submission of Supporting Documentation, the first round of papers addressing the merits of the case as required by IAP rules. In February, ASTA served ARC with requests for discovery, asking that they disclose internal finances and the cost of the programs they run, some of which are paid for by travel agents. Following months of legal exchanges, the case was heard by the IAP on June 7-8 for 19 hearing hours.

The mission of the American Society of Travel Agents (ASTA) is to facilitate the business of selling travel through effective representation, shared knowledge and the enhancement of professionalism. ASTA seeks a retail travel marketplace that is profitable and growing and a rewarding field in which to work, invest and do business.

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