

Division of Advertising Practices

April 11, 2013

General Manager Aston Kaanapali Shores 3445 Lower Honoapiilani Road Lahaina, HI 96761

## WARNING LETTER

Dear Sir or Madam:

The Federal Trade Commission ("FTC") has investigated whether certain hotel operators are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the hotel room reservation price quoted to consumers.

On May 21, 2012, the FTC held a conference on "drip pricing," defined broadly as a pricing technique in which firms advertise only part of a product's price and reveal other charges later as the customer goes through the buying process. At the conference, then Chairman Jon Leibowitz asked consumers to share their drip pricing stories with the FTC. One common complaint consumers raised involved mandatory fees hotels charge for amenities such as newspapers, use of onsite exercise or pool facilities, or internet access, sometimes referred to as "resort fees." These mandatory fees can be as high as \$30 per night, a sum that could certainly affect consumer purchasing decisions.

Specifically, consumers complained that they did not know that they would be required to pay resort fees in addition to the quoted hotel room rate. Several stated that they only learned of the fees after they arrived at the hotel, long after making a reservation at what they believed to be the total room price. Others paid for the reservation in advance, and only found out after they arrived at the hotel that they would have to pay additional mandatory fees.

General Manager Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online hotel reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a hotel reservation site may breakdown the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.astonkaanapalishoresresort.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

Please send an email to Annette Soberats at asoberats@ftc.gov by April 24, 2013, describing any actions that you have taken or intend to take in response to this letter to ensure your company's compliance with the FTC Act.

Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

Muy K. Ende

Mary K. Engle Associate Director for Advertising Practices

cc: Andre S. Tatibouet Aston Hotels & Resorts, LLC.



Division of Advertising Practices

April 11, 2013

General Manager Eldorado Hotel Casino 345 North Virginia Street Reno, NV 89501

#### WARNING LETTER

Dear Sir or Madam:

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We reviewed your website at http://www.eldoradoreno.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

May K. Enla

Mary K. Engle Associate Director for Advertising Practices

cc: Keith E. Smith, President & CEO Boyd Gaming



**Division of Advertising Practices** 

April 11, 2013

General Manager Fiesta Henderson 777 W Lake Mead, Pkwy Henderson, NV 89015

## WARNING LETTER

Dear Sir or Madam:

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We reviewed your website at https://fiestahenderson.sclv.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

Mary K. Ergle

Mary K. Engle Associate Director for Advertising Practices

cc: Frank J. Fertitta, III., Chairman & CEO Station Casinos, LLC.



Division of Advertising Practices

April 11, 2013

Vince Parrotta Regional Vice President & General Manager Four Seasons Scottsdale 10600 East Crescent Moon Dr. Scottsdale, AZ 85262

## WARNING LETTER

Dear Mr. Parrotta:

The Federal Trade Commission ("FTC") has investigated whether certain hotel operators are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the hotel room reservation price quoted to consumers.

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Mr. Vince Parrotta Page 2

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We reviewed your website at www.fourseasons.com/scottsdale and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

Main K. Engle

Mary K. Engle Associate Director for Advertising Practices

cc: Isadore Sharp, Founder & Chairman Four Seasons Hotels & Resorts



**Division of Advertising Practices** 

April 11, 2013

Joseph Magliarditi President & CEO Hard Rock Hotel & Casino 4455 Paradise Road Las Vegas, NV 89169

## WARNING LETTER

Dear Mr. Magliarditi:

The Federal Trade Commission ("FTC") has investigated whether certain hotel operators are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the hotel room reservation price quoted to consumers.

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Mr. Joseph Magliarditi Page 2

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We reviewed your website at www.hardrockhotel.com and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

Many K. Engle

Mary K. Éngle U Associate Director for Advertising Practices

cc: Hamish Dodds, President & CEO Hard Rock Cafe International, Inc.



**Division of Advertising Practices** 

April 11, 2013

Craig Anderson General Manager Moana Surfrider A Westin Resort & Spa 2365 Kalakaua Avenue Honolulu, HI 96815

#### WARNING LETTER

Dear Mr. Anderson:

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Mr. Craig Anderson Page 2

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We reviewed your website at http://www.moana-surfrider.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

Mong K. Erele

Mary K. Engle U Associate Director for Advertising Practices

cc: Frits van Paasschen, President & CEO Starwood Hotels & Resorts Worldwide, Inc.



**Division of Advertising Practices** 

April 11, 2013

Mark Dunkenson General Manager Red Rock Casino Resort Spa 11011 West Charleston Blvd. Las Vegas, NV 89135

### WARNING LETTER

Dear Mr. Dunkenson:

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Mr. Mark Dunkenson Page 2

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We reviewed your website at https://redrock.sclv.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

Man C. Ergle

Mary K. Engle Associate Director for Advertising Practices

cc: Frank J. Fertitta, III, Chairman & CEO Station Casinos, LLC.



Division of Advertising Practices

April 11, 2013

Stephen F. Benson General Manager Royal Palms Resort 5200 East Camelback Road Phoenix, AZ 85018

### WARNING LETTER

Dear Mr. Benson:

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Mr. Stephen F. Benson Page 2

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We reviewed your website at www.royalpalmshotel.com and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

Mary K. Engle

Associate Director for Advertising Practices

cc: James Sabatier, President & COO Destination Hotels & Resorts



**Division of Advertising Practices** 

April 11, 2013

Kelly Sanders General Manager Sheraton Waikiki Hotel 2255 Kalakaua Ave Honolulu, HI 96815

## WARNING LETTER

Dear Ms. Sanders:

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Ms. Kelly Sanders Page 2

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Mary K. Eyle

Mary K. Éngle Associate Director for Advertising Practices

cc: Frits van Paasschen, President & CEO Starwood Hotels & Resorts Worldwide, Inc.



**Division of Advertising Practices** 

April 11, 2013

General Manager Stratosphere Casino, Hotel & Tower 2000 S. Las Vegas Blvd Las Vegas, NV 89104

## WARNING LETTER

Dear Sir or Madam:

The Federal Trade Commission ("FTC") has investigated whether certain hotel operators are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the hotel room reservation price quoted to consumers.

On May 21, 2012, the FTC held a conference on "drip pricing," defined broadly as a pricing technique in which firms advertise only part of a product's price and reveal other charges later as the customer goes through the buying process. At the conference, then Chairman Jon Leibowitz asked consumers to share their drip pricing stories with the FTC. One common complaint consumers raised involved mandatory fees hotels charge for amenities such as newspapers, use of onsite exercise or pool facilities, or internet access, sometimes referred to as "resort fees." These mandatory fees can be as high as \$30 per night, a sum that could certainly affect consumer purchasing decisions.

Specifically, consumers complained that they did not know that they would be required to pay resort fees in addition to the quoted hotel room rate. Several stated that they only learned of the fees after they arrived at the hotel, long after making a reservation at what they believed to be the total room price. Others paid for the reservation in advance, and only found out after they arrived at the hotel that they would have to pay additional mandatory fees.

General Manager Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online hotel reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a hotel reservation site may breakdown the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at www.stratospherehotel.com and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

Please send an email to Annette Soberats at asoberats@ftc.gov by April 24, 2013, describing any actions that you have taken or intend to take in response to this letter to ensure your company's compliance with the FTC Act.

Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

neng K. Ergle

Mary K. Éngle Associate Director for Advertising Practices



Division of Advertising Practices

April 11, 2013

General Manager Treasure Island 3300 S. Las Vegas Blvd Las Vegas, NV 89109

# WARNING LETTER

Dear Sir or Madam:

The Federal Trade Commission ("FTC") has investigated whether certain hotel operators are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the hotel room reservation price quoted to consumers.

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General Manager Page 2

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We reviewed your website at www.treasureisland.com and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

May V. Ende

Mary K. Engle Associate Director for Advertising Practices



**Division of Advertising Practices** 

April 11, 2013

General Manager Trump International Hotel 2000 Fashion Show Drive Las Vegas, NV 89109

# WARNING LETTER

Dear Sir or Madam:

The Federal Trade Commission ("FTC") has investigated whether certain hotel operators are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the hotel room reservation price quoted to consumers.

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General Manager Page 2

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We reviewed your website at trumphotelcollection.com/las-vegas and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Very truly yours,

Mang K Engle

Mary K. Engle Associate Director for Advertising Practices

cc: Jim Petrus, COO The Trump Hotel Collection



Division of Advertising Practices

April 11, 2013

Brian Gullbrants General Manager Wynn Las Vegas & Encore Hotel 3131 Las Vegas Blvd. South Las Vegas, NV 89109

## WARNING LETTER

Dear Mr. Gullbrants:

The Federal Trade Commission ("FTC") has investigated whether certain hotel operators are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the hotel room reservation price quoted to consumers.

On May 21, 2012, the FTC held a conference on "drip pricing," defined broadly as a pricing technique in which firms advertise only part of a product's price and reveal other charges later as the customer goes through the buying process. At the conference, then Chairman Jon Leibowitz asked consumers to share their drip pricing stories with the FTC. One common complaint consumers raised involved mandatory fees hotels charge for amenities such as newspapers, use of onsite exercise or pool facilities, or internet access, sometimes referred to as "resort fees." These mandatory fees can be as high as \$30 per night, a sum that could certainly affect consumer purchasing decisions.

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Mr. Brian Gullbrants Page 2

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We reviewed your website at www.wynnlasvegas.com and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation to stay in your hotel. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

May En la

Mary K. Engle Associate Director for Advertising Practices

cc: Stephen A. Wynn, Chairman & CEO Wynn Resorts, Ltd.



Division of Advertising Practices

June 3, 2013

Darren R. Huston Chief Executive Officer Booking.com B.V. Weteringschans 28-3 Amsterdam, Netherlands 1017 SG

# WARNING LETTER

Dear Mr. Huston:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

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FTC staff has reviewed a number of online reservation sites, and has confirmed that in some instances online travel companies exclude resort fees from the quoted reservation price. Instead, the "total price" or "estimated price" quoted to consumers includes only the room rate and applicable taxes. At some of these sites, the applicable resort fee is listed nearby, but separate from, the quoted price. In others, the resort fee is buried in fine print or revealed through a hyperlink.

Mr. Darren R. Huston Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.booking.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

We request that you send an email to Annette Soberats at asoberats@ftc.gov by June 12, 2013, describing any actions that you have taken or intend to take in response to this letter to ensure your company's compliance with the FTC Act.

Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

Mary K. Engle Mary K. Engle

Associate Director for Advertising Practices

cc: Jeffery Boyd President & CEO Priceline.com, Inc.



**Division of Advertising Practices** 

June 3, 2013

Arthur Finlaw President & CEO Bookit.com, Inc. 14251 Panama City Beach Parkway Panama City Beach, FL 32413

## WARNING LETTER

Dear Mr. Finlaw:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

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FTC staff has reviewed a number of online reservation sites, and has confirmed that in some instances online travel companies exclude resort fees from the quoted reservation price. Instead, the "total price" or "estimated price" quoted to consumers includes only the room rate and applicable taxes. At some of these sites, the applicable resort fee is listed nearby, but separate from, the quoted price. In others, the resort fee is buried in fine print or revealed through a hyperlink.

Mr. Arthur Finlaw Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://bookit.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

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Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

Many K. Engla

Mary K/Engle Associate Director for Advertising Practices



**Division of Advertising Practices** 

June 3, 2013

Dara Khasrowshahi President & CEO Expedia, Inc. 333 108th Avenue NE Bellevue, WA 98004

### WARNING LETTER

Dear Dara Khasrowshahi:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

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FTC staff has reviewed a number of online reservation sites, and has confirmed that in some instances online travel companies exclude resort fees from the quoted reservation price. Instead, the "total price" or "estimated price" quoted to consumers includes only the room rate and applicable taxes. At some of these sites, the applicable resort fee is listed nearby, but separate from, the quoted price. In others, the resort fee is buried in fine print or revealed through a hyperlink.

Dara Khasrowshahi Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.expedia.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers using your website's traditional search engine. Our review also revealed that your website's opaque model, which does not identify the selected hotel until after the consumer finalizes a non-refundable reservation, similarly fails to provide a total inclusive estimate. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

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Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

Mary K. Engle

Mary K. Engle Associate Director for Advertising Practices



Division of Advertising Practices

June 3, 2013

Scott Booker, President Hotels.com L.P. 10440 N. Central Expressway Suite 400 Dallas, TX 75231

## WARNING LETTER

Dear Mr. Booker:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

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FTC staff has reviewed a number of online reservation sites, and has confirmed that in some instances online travel companies exclude resort fees from the quoted reservation price. Instead, the "total price" or "estimated price" quoted to consumers includes only the room rate and applicable taxes. At some of these sites, the applicable resort fee is listed nearby, but separate from, the quoted price. In others, the resort fee is buried in fine print or revealed through a hyperlink.

Mr. Scott Booker Page 2

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We reviewed your website at http://www.hotels.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

Muny K. Engle Mary K. Engle

Associate Director for Advertising Practices

cc: Dara Khasrowshahi President & CEO Expedia, Inc.



**Division of Advertising Practices** 

June 3, 2013

Clem Bason, President Hotwire, Inc. 333 Market Street, Suite 100 San Francisco, CA 94105

# WARNING LETTER

Dear Mr. Bason:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

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FTC staff has reviewed a number of online reservation sites, and has confirmed that in some instances online travel companies exclude resort fees from the quoted reservation price. Instead, the "total price" or "estimated price" quoted to consumers includes only the room rate and applicable taxes. At some of these sites, the applicable resort fee is listed nearby, but separate from, the quoted price. In others, the resort fee is buried in fine print or revealed through a hyperlink.

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted Mr. Clem Bason Page 2

total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.hotwire.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers using your website's traditional search engine. Our review also revealed that your website's opaque model, which does not identify the selected hotel until after the consumer finalizes a nonrefundable reservation, similarly fails to provide a total inclusive estimate. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

Please send an email to Annette Soberats at asoberats@ftc.gov by June 12, 2013, describing any actions that you have taken or intend to take in response to this letter to ensure your company's compliance with the FTC Act.

Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

Mary K. Engle

Associate Director for Advertising Practices

Dara Khasrowshahi cc: President & CEO Expedia, Inc.


**Division of Advertising Practices** 

June 3, 2013

Jeffery Boyd President & CEO Priceline.com, Inc. 800 Connecticut Avenue Norwalk, CT 06854

# WARNING LETTER

Dear Mr. Boyd:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

On May 21, 2012, the FTC held a conference on "drip pricing," defined broadly as a pricing technique in which firms advertise only part of a product's price and reveal other charges later as the customer goes through the buying process. At the conference, then Chairman Jon Leibowitz asked consumers to share their drip pricing stories with the FTC. One common complaint consumers raised involved mandatory fees hotels charge for amenities such as newspapers, use of onsite exercise or pool facilities, or internet access, sometimes referred to as "resort fees." These mandatory fees can be as high as \$30 per night, a sum that could certainly affect consumer purchasing decisions.

Specifically, consumers complained that they did not know that they would be required to pay resort fees in addition to the quoted hotel room rate. Several stated that they only learned of the fees after they arrived at the hotel, long after making a reservation at what they believed to be the total room price. Others paid for the reservation in advance, and only found out after they arrived at the hotel that they would have to pay additional mandatory fees.

Jeffery Boyd Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.priceline.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers using your website's traditional search engine. Our review also revealed that Priceline's "Express Deals" opaque model, which does not identify the selected hotel until after the consumer finalizes a non-refundable reservation, quotes a "Total Price" that omits mandatory resort fees, and discloses the fees only in fine print. Further, Priceline's "Name Your Own Price" opaque model is even less forthcoming, as consumers who submit a bid for a hotel stay receive no disclosure at all of the mandatory resort fee amount before making a non-refundable purchase. We also note that Priceline's general resort fee disclaimers, accessible only through hyperlinks, do not disclose the existence and nature of the property-specific resort fees applicable to a consumer's particular transaction.

We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

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Jeffery Boyd Page 3

Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Mary K. Engle Mary K. Engle

Associate Director for Advertising Practices



**Division of Advertising Practices** 

June 3, 2013

Barney Harford Chief Executive Officer Orbitz Worldwide, Inc. 500 W. Madison Avenue Suite 1000 Chicago, IL 60661

#### WARNING LETTER

Dear Mr. Harford:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

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Specifically, consumers complained that they did not know that they would be required to pay resort fees in addition to the quoted hotel room rate. Several stated that they only learned of the fees after they arrived at the hotel, long after making a reservation at what they believed to be the total room price. Others paid for the reservation in advance, and only found out after they arrived at the hotel that they would have to pay additional mandatory fees.

Mr. Barney Harford Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.orbitz.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

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Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Muy K. Engle

Mary K. Engle Associate Director for Advertising Practices



Division of Advertising Practices

June 3, 2013

Ray Vastola, President Quikbook, Inc. 381 Park Avenue South New York, NY 10016

# WARNING LETTER

Dear Mr. Vastola:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

On May 21, 2012, the FTC held a conference on "drip pricing," defined broadly as a pricing technique in which firms advertise only part of a product's price and reveal other charges later as the customer goes through the buying process. At the conference, then Chairman Jon Leibowitz asked consumers to share their drip pricing stories with the FTC. One common complaint consumers raised involved mandatory fees hotels charge for amenities such as newspapers, use of onsite exercise or pool facilities, or internet access, sometimes referred to as "resort fees." These mandatory fees can be as high as \$30 per night, a sum that could certainly affect consumer purchasing decisions.

Specifically, consumers complained that they did not know that they would be required to pay resort fees in addition to the quoted hotel room rate. Several stated that they only learned of the fees after they arrived at the hotel, long after making a reservation at what they believed to be the total room price. Others paid for the reservation in advance, and only found out after they arrived at the hotel that they would have to pay additional mandatory fees.

FTC staff has reviewed a number of online reservation sites, and has confirmed that in some instances online travel companies exclude resort fees from the quoted reservation price. Instead, the "total price" or "estimated price" quoted to consumers includes only the room rate and applicable taxes. At some of these sites, the applicable resort fee is listed nearby, but separate from, the quoted price. In others, the resort fee is buried in fine print or revealed through a hyperlink.

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted

Mr. Ray Vastola Page 2

total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.quikbook.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers using your website's traditional search engine. Our review also revealed that your website's opaque model, which does not identify the selected hotel until after the consumer finalizes a non-refundable reservation, similarly fails to provide a total inclusive estimate. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

Please send an email to Annette Soberats at asoberats@ftc.gov by June 12, 2013, describing any actions that you have taken or intend to take in response to this letter to ensure your company's compliance with the FTC Act.

Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Muy K. Engle.

Mary K. Engle Associate Director for Advertising Practices



**Division of Advertising Practices** 

June 3, 2013

Chris Orton, President Trip Network, Inc. (d/b/a CheapTickets) 400 Interpace Parkway Building A Parsippany, NJ 07054

# WARNING LETTER

Dear Mr. Orton:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

On May 21, 2012, the FTC held a conference on "drip pricing," defined broadly as a pricing technique in which firms advertise only part of a product's price and reveal other charges later as the customer goes through the buying process. At the conference, then Chairman Jon Leibowitz asked consumers to share their drip pricing stories with the FTC. One common complaint consumers raised involved mandatory fees hotels charge for amenities such as newspapers, use of onsite exercise or pool facilities, or internet access, sometimes referred to as "resort fees." These mandatory fees can be as high as \$30 per night, a sum that could certainly affect consumer purchasing decisions.

Specifically, consumers complained that they did not know that they would be required to pay resort fees in addition to the quoted hotel room rate. Several stated that they only learned of the fees after they arrived at the hotel, long after making a reservation at what they believed to be the total room price. Others paid for the reservation in advance, and only found out after they arrived at the hotel that they would have to pay additional mandatory fees.

Mr. Chris Orton Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.cheaptickets.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

You should also review the FTC's recently updated guidance document, .comDisclosures: How to Make Effective Disclosures in Digital Advertising, available at http://ftc.gov/os/2013/03/130312dotcomdisclosures.pdf, for instruction on how to disclose the existence and nature of mandatory fees earlier on in the online booking process before quoting the total price. The updated Dot Com Disclosures provides information that online and mobile advertisers should consider as they develop digital advertising. It notes that if a business advertises a product's basic cost on one page, the existence and nature of any unexpected additional fees should be prominently disclosed on the same page and immediately adjacent to the cost claim. The guidance also stresses that to ensure a disclosure is clear and conspicuous, it should be "as close as possible" to the relevant claim, and that advertisers should avoid using hyperlinks for disclosures that involve product cost.

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Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

Mary K. Engle Mary K. Engle

Associate Director for Advertising Practices

cc: Barney Harford Chief Executive Officer Orbitz Worldwide, Inc.



**Division of Advertising Practices** 

June 3, 2013

Carl Sparks, President & CEO Travelocity.com LP 3150 Sabre Dr. Southlake, TX 76092

### WARNING LETTER

Dear Mr. Sparks:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

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Specifically, consumers complained that they did not know that they would be required to pay resort fees in addition to the quoted hotel room rate. Several stated that they only learned of the fees after they arrived at the hotel, long after making a reservation at what they believed to be the total room price. Others paid for the reservation in advance, and only found out after they arrived at the hotel that they would have to pay additional mandatory fees.

FTC staff has reviewed a number of online reservation sites, and has confirmed that in some instances online travel companies exclude resort fees from the quoted reservation price. Instead, the "total price" or "estimated price" quoted to consumers includes only the room rate and applicable taxes. At some of these sites, the applicable resort fee is listed nearby, but separate from, the quoted price. In others, the resort fee is buried in fine print or revealed through a hyperlink.

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted

Mr. Carl Sparks Page 2

total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.travelocity.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers using your website's traditional search engine. Our review also revealed that your website's opaque model, which does not identify the selected hotel until after the consumer finalizes a non-refundable reservation, similarly fails to provide a total inclusive estimate. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Thank you for your attention to this matter. Any inquiries concerning this letter should be directed to Annette Soberats at asoberats@ftc.gov or at 202-326-2921.

Very truly yours,

Many K. Engle

Mary K. Engle Associate Director for Advertising Practices

cc: Thomas Klein, President Sabre Holdings Corporation



**Division of Advertising Practices** 

June 3, 2013

Jim Gibson, President Vegas.com 2370 Corporate Circle 3rd Floor Henderson, NV 89074

### WARNING LETTER

Dear Mr. Gibson:

The Federal Trade Commission ("FTC") has investigated whether certain online travel companies are violating Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.§ 45(a), by misrepresenting the reservation price quoted to consumers for a hotel stay or for packages including a hotel component.

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Mr. Jim Gibson Page 2

These practices may violate the law by misrepresenting the price consumers can expect to pay for their hotel rooms. We believe that online reservation sites should include in the quoted total price any unavoidable and mandatory fees, such as resort fees, that consumers will be charged to stay at the hotel. While a reservation site may break down the components of the reservation estimate (e.g., room rate, estimated taxes, and any mandatory, unavoidable fees), the most prominent figure for consumers should be the total inclusive estimate.

We reviewed your website at http://www.vegas.com/ and found that in at least some instances mandatory resort fees are not included in the reservation rate quoted to consumers. We strongly encourage you to review your company's website to ensure you are not misrepresenting the total price consumers can expect to pay when making a reservation that includes a hotel stay. Please be advised that the FTC may take action to enforce and seek redress for any violations of the FTC Act as the public interest may require.

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Mung K. Engle Mary K. Engle

Associate Director for Advertising Practices