

**BEFORE THE
FEDERAL TRADE COMMISSION
WASHINGTON, D.C.**

BUSINESS OPPORTUNITY RULE

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**COMMENTS
OF THE
AMERICAN SOCIETY OF TRAVEL AGENTS, INC.,**

The American Society of Travel Agents, Inc. (“ASTA”) submits these comments in response to the captioned notice of proposed rulemaking, 71 Fed. Reg. 19054, April 12, 2006, with respect to creation of a separate rule governing the offering of business opportunities.

ASTA is the world’s largest association of travel retailing professionals. Its members include travel agents, both traditional offline and online, as well as the companies whose products the agents sell, such as airlines, tour operators, cruise lines, hoteliers, and car rental firms. Travel agencies in the United States account for more than \$120 billion in annual sales of travel services over all product lines. Air transactions alone number more than 170 million tickets in a typical year.

ASTA congratulates the Commission on this important proposal. It should be adopted as a final rule as soon as possible.

The travel industry has long been plagued by what are commonly referred to as “card mills,” firms that sell purported “travel agent credentials” to consumers who, aided and abetted by the seller, intend to use them to fool travel service suppliers into believing they are actually in the business of selling travel and thus should receive industry discounts and other professional courtesies intended for authentic sellers of retail travel. As the Commission noted, these offers

are often “permeated with fraud.” 71 Fed. Reg. at 19057. Typically these schemes contain all or most of the hallmarks of fraudulent business opportunities: work-at-home, on-going training and other assistance, and false earnings claims. Some of them are classic pyramid schemes¹ while others simply say “you can travel like a travel agent,” almost always for an investment that falls just below the Commission’s Franchise Rule threshold. The availability of the Internet has permitted these schemes to proliferate at very low cost while reaching ever larger numbers of consumers, who, as much as ever, are lured by the promise of great wealth and benefits with little or no effort.

Because of the popular appeal of these claims, there is little that travel industry suppliers can do, in practical terms, to stop the practice. As the Commission notes, every threshold creates a niche to which the defrauders move, so they escape reasonable commercial policy restrictions and legal obstacles as well.

The only realistic solution is for the government to do just what the FTC has proposed: drop the financial threshold to zero and compel offerors of business opportunities to make detailed and full disclosure of key facts regarding earnings potential, past experience with refunds, past legal history of the company and its predecessors and affiliates and more. The proposed rule appears very well designed to close all the gaps and loopholes. We urge the Commission not to introduce new thresholds that will lead to escape from jurisdictions as has the Franchise Rule. The proposed rules are rigorous in their approach to hard-learned experience with fraudulent practices and we urge the Commission to stand by its initial convictions and adopt the rules as proposed.

Legitimate sellers of business opportunities will, of course, be affected. They will face new disclosure requirements. But the cost of compliance by legitimate sellers should be minimal, especially compared with the harm that unregulated sale of business scams has caused and continues to cause every day.

¹ See 71 Fed. Reg. at 19061, specifically identifying travel agent credentials schemes as having the pyramid quality in the past.

Respectfully submitted,

AMERICAN SOCIETY OF TRAVEL AGENTS, INC.

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