

From: Amy Powell [amp@hci.net]  
Sent: Thursday, March 27, 2003 1:40 PM  
To: Comments, Regulation  
Subject: Attn: ANPRM-Section 351-Travel Agency Regulations

Gentlemen:

My company is a very small one. Our employees number a total of three: myself, my business partner, and one other woman. We incorporated in 1991, opened in 1992, received an SBA note for the purchase of our building in 1995, and have been trying to survive. Since the airlines have stopped paying us, and most other suppliers have either cut our commissions or quit paying commissions altogether, our success has been reduced to "barely hanging on." Our best years' gross volume was just under \$2 million, experienced in the early 1990s.

I believe that travel agencies should be exempt from the kind of financial institutions listed in the Patriot Act. The comment in Travel Weekly's article that FinCEN noted that "a money launderer could buy an expensive airline ticket for another person, who could then exchange it" for a refund, is false. The refund process requires the AIRLINE to refund the credit card account used for payment, or the travel agency who issued the cash ticket. Refunding to the passenger is NOT supposed to happen, and if it does, the airlines are to blame, NOT the travel agency. My agency refunds only to the purchaser. This has been our policy since our inception. This has been the policy in every agency I've worked in, since 1978. This is the policy in every agency I know of still in existence today.

The services we offer our corporate accounts include the option of an extension of credit, which is used mostly for airline travel. Most of our corporate travelers will use their corporate credit cards for airline ticket purchases, car rentals, and hotel guarantees. But for those who deal on a cash basis, credit is granted based on that particular company's average checking account balance, their highest credit limit with other vendors, and their payment history. All "receivable" accounts have the same terms: Net 10 days; 1.8% interest on items older than 10 days. There are NO exceptions, ( we were badly burned several years ago when we allowed the credit limit to exceed \$20,000 for one of our receivable accounts, he filed bankruptcy, and we were unable to recoup that loss). We already bill on a weekly basis as well as every ten days for those accounts which are delinquent. As you probably know, the Airlines Reporting Corporation(ARC) directly debits our checking account every ten days for any cash sales of airline tickets; hence, the ten day billing cycle to our receivable accounts. With the bank charging us a pretty steep interest on our overdraft protection, as well as our credit line, we must bill these finance charges back to our receivable accounts. Unfortunately, we can't afford to finance our customers' travel.

Our leisure/vacation customer base pays whatever way they want to, by either check, cash, or major credit card. Any monies received are immediately deposited into our checking account, then forwarded on to that particular vendor with an agency check. The exceptions arise when there is no time to get an agency check to the vendor. In those instances, we use our corporate credit card for payment to the vendor, deposit the customer funds in our checking account, and pay the credit card bill off in its entirety each month.

We are in a very small town, in very depressed economical environment, but have clients all over the US. Our computer reservation service(GDS) provides us with an address verification function on credit card sales. However, this is no guarantee that a credit card sale won't be disputed. We try to get "profile" information on all of our credit card holders including home address, billing address, phone numbers, and an imprint of the card to keep on file. Since our clientele are so spread out, getting an imprint, or even a faxed copy which is legible, is sometimes difficult if not impossible. We have been defrauded with a couple of credit card scams to the tune of roughly \$3000 over the past ten years. This represents money we have had to pay to the airlines involved and have never recovered.

We have attempted to negotiate "merchant" status with our local bank for the collection of service charges only, but because of the state of the travel industry, our banker won't even think about it. Other sources want to charge a high fee for the "swiper" plus take more than 6% of the sale as a service fee or handling charge. The processing time element and charge-back problems are also factors in our decision NOT to pursue merchant status.

We are not a bank or financial institution. If a customer wishes to purchase travelers checks, we send them to their bank. If a customer wishes to purchase foreign currency in advance of travel outside of the US, or if a foreign currency draft is required for a hotel prepayment overseas, we collect the appropriate amount from the customer as advised by the brokerage firm, and purchase the required product from that firm. This firm in Omaha is a "financial services" company, not a bank or travel agency to my knowledge.

We are a full service travel agency, providing travel related services to our customers. We are members in good standing of several professional organizations, we are bonded, and we are good corporate members of our local and regional business communities. We are honest and honorable in our dealings with the public and we should not be classified as financial institutions as we ARE NOT money lenders, financial advisors, or banks. We're just hard working women trying to support our families and the community in which we live.

Please, no more regulations!

Sincerely,

Amy M. Powell  
Manager; President  
All Ways Travel