

# Travel Agent Card Mill / Credential Scams

What Consumers and Consumer Protection Agencies Should Know About Travel Agent Credential / Card Mill Scams



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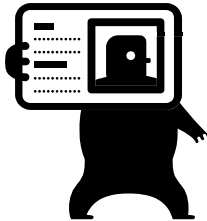
## Introduction

It's easy to see why the allure of travel to exotic destinations at reduced rates and with special levels of service, often accompanied by a promise of actually making money, could appeal to consumers. Ads promise glamour and the high life at a bargain, and the chance to make money with little effort. But the allure is a façade, and the promise an illusion perpetuated by sellers of deceptive<sup>1</sup> travel agent credentials — card mills.

## What Are Credential/Card Mills?

Credential/Card mills are businesses that sell the allure of being a travel agent that is often accompanied by deceptive identification (ID) cards, and sometimes accompanied by a package of worthless<sup>2</sup> “training” materials that falsely identify the purchaser as a “travel agent.” These offers often say “travel like a travel agent” and are designed to permit buyers of travel services to pass themselves off as sellers of travel services.

When ID cards are offered, they are represented as enabling the holder to obtain discounts, upgrades and other courtesies reserved by travel suppliers for professional travel agents who actively promote the suppliers' services.



ID cards may also be represented as entitling the cardholders to receive commissions or other remuneration on their own travel purchases. In fact, these businesses sell a piece of plastic where any tangible benefit the purchaser receives is wholly dependent upon the response of a third party, the supplier, and then only if the supplier is deceived or indifferent as to the cardholder's true status.

These businesses exist to sell, at a substantial price (often \$495 or some amount intentionally set below the \$500 threshold triggering application of FTC/state franchise and business opportunity disclosure laws), false identification that places into the hands of purchasers a device they are led to believe will deceive travel suppliers. The card mills promote themselves (in print and Internet advertising and, often, through written scripts and audio-tapes used in word-of-mouth solicitation) by making exaggerated claims about the discounts or price

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<sup>1</sup> An identification card that purports to identify as a travel agent someone who does not sell professionally as a means of earning a living and providing distribution services to suppliers is, in ASTA's view, deceptive. The Dept. of Commerce (DOC) and the Census Bureau are clear about the commercial nature of a travel agent: DOC assigns a North American Industry Classification System (NAICS) code to travel agencies, defined as “establishments primarily engaged in acting as agents in selling travel, tour, and accommodation services to the general public and commercial clients.”

See <http://www.census.gov/econ/industry/def/d561510.htm>.

<sup>2</sup> Without material value for the represented purpose of equipping someone to be a travel agent.

advantages that so-called “independent agents” or “consultants” may obtain through use of the card.

In addition, some card mills emphasize the purchaser’s opportunity — reminiscent of classic pyramid and other illegal multi-level marketing schemes — to recruit other “agents” and earn fees for each recruit as well as each time the recruit books travel. In all cases, the primary theme and message of their promotions is that the purchaser can enjoy all the benefits and financial rewards of professional travel agents with no worry, no hassle and, above all, no work.

## **How Do the Holders of Card Mill IDs Differ From Legitimate Travel Agents?**

Simply put, the features that distinguish legitimate travel agents from ordinary travelers equipped by these cards to pose as agents are easily recognized — travel agents are sellers of travel and card mill ID holders are generally buyers of travel.

Travel agents are engaged in the promotion and sale of travel to the general public as part of an ongoing business relationship with travel suppliers, and they receive travel privileges, if at all, based upon their demonstrated commitment to, and performance in, that endeavor.

In contrast, card mills neither require nor monitor the work or productivity of their cardholders, few if any of whom make their livings selling travel. Mills make little pretense that a cardholder need sell any travel to obtain a card or retain it. Moreover, whereas professional travel agents understand that today’s rare personal travel privileges are an incidental benefit of their occupation, card mills and their customers treat such occasional privileges as the primary benefit of a one-time purchase transaction. Most importantly, legitimate travel agents do not pay to enter the profession or need an identification card to practice it; credential mills sell a product whose only function is to defraud travel suppliers, and often, the purchaser himself.

## **Who Buys Deceptive Travel Agent IDs?**

Card mills principally target two types of prospective purchasers: consumers who are misled into believing that suppliers universally honor the credential and that they are slick and clever, but harmless, devices for getting the best travel bargains; and persons who genuinely want to enter the profession of travel agent and are deceived that the firms’ training and support materials are adequate for that purpose. The victims of these scams are the unsuspecting purchasers themselves, and sometimes, travel suppliers, or both.

## How Are Card/Credential Mills Harmful?

The practices of card mills are harmful in multiple ways. Many suppliers are now aware of their operations and will not accept these self-serving forms of identification. The supplier who does inadvertently accept a card wastes a sales incentive on someone who does not sell travel and does not, therefore, contribute to its business. When a false credential-holder successfully fools a supplier into conferring a professional courtesy, the information gathered by the supplier on the use of these incentives is corrupted.

Card/credential mills mislead consumers into believing they are receiving discounts reserved for industry insiders, when in fact what they purchase may end up being widely available through the travel marketplace without the necessity of purchasing travel agent credentials or signing “trumped up” “contracts” to be an “independent contractor.” The connection or hook thereby established is often used to mislead the consumer into believing there is an exaggerated price advantage by using the mill’s travel agency services.

The practice of selling deceptive professional credentials violates established public policy — it long being considered unlawful for a person to furnish others with a means of deceiving the public. That is precisely the purpose of selling a “travel agent” credential to anyone who has the money to buy it.

The inevitable effect of selling deceptive credentials is to injure consumers. This includes monetary harm to consumers who purchase the credentials and find they are not recognized, as well as travel suppliers who are occasionally tricked into honoring them. The injury is substantial. Card mills have disseminated tens of thousands of deceptive identification cards, which translates into millions of dollars collected from purchasers alone.

Other, more innocent consumers are injured, as well. They are those prepared to pay the supplier-prescribed price for accommodations or other travel services, but may find them unavailable because they have been allocated to the holders of deceptive travel agent credentials. In addition, by depriving suppliers of their intended revenues and disrupting the travel industry incentive system, card mill operators damage the travel and travel agency industry and injure consumers who rely upon travel agencies and the travel agencies’ availability to meet their travel arrangement needs.

Nor does credential-selling produce any countervailing benefits to consumers or others. True, there likely are occasions in which a consumer presenting deceptive credentials may receive preferential rates or services, either because the supplier’s employees are gulled into believing that they are dealing with an authentic travel agent or because discounts were being offered at that time to all comers. This is not, however, creation of a real economic benefit by the card mill. At best it is the misappropriation by the card mill of an economic advantage belonging to another. Any “benefit” that accrues is not that produced by a merchant, but by a thief.

## What Are Some of the Signs of a Card Mill?

Examples of deceptive messages and representations that card mills commonly employ include the following:

- ✉ The cards expressly represent that the holder is a “travel agent” and imply that the holder is actively engaged on an agency’s behalf in selling travel to the general public. Both representations are false and intended to deceive suppliers.
- ✉ Ads promise glamour and the high life at a bargain, and the chance to make money with little effort.
- ✉ Card mills’ promotional literature is replete with references to cards or cardholders’ status as being “official,” “certified,” “accredited,” “endorsed” and/or “approved,” falsely implying that persons who purchase the cards automatically enjoy good standing with industry accrediting bodies or with suppliers generally.
- ✉ Card mills fail to disclose, or fail to disclose in a prominent manner, that suppliers such as airlines and some large hotel chains will not honor the card at all if presented in support of a request for agent discounts.
- ✉ Card mills may falsely promise to supply “training materials” and agent “support services” that will adequately equip the purchaser to function as a travel agent.

## What Credentials Do Legitimate Travel Agents Have?

An agency, by definition, acts for someone else. A travel agency may be recognized by many different principals such as airlines, cruise lines, hotels and other suppliers of travel-related services. In general, there are two ways in which an agency may be authorized to act on behalf of a supplier. First, it may be recognized directly by a supplier, as is typically the case with hotels, car rental companies and tour operators. In this scenario, the agency must deal with each supplier directly. The second option is for an agency to be appointed by a coordinating body accepted by the various suppliers. This is a common practice among the airlines and cruise lines.

## Airline Accreditation

The two coordinating bodies for the airlines are the Airlines Reporting Corp. (ARC), which represents the major domestic airlines, and the International Airlines Travel Agency Network (IATAN), which represents many of the major international airlines. Once an agent is accredited by ARC, it is provided an 8-digit number that distinguishes it as an accredited ARC location. If the agency is then approved by IATAN, this same number serves as its IATAN number. Outside the United States, this number is referred to as an IATA number.

All ARC/IATAN-appointed agencies are required to post a minimum \$20,000 bond or letter of credit, undergo a financial background check, and adhere to the airlines' personnel standards. Approved agencies and their agents are eligible to receive an identification card.

Because of the vetting process required of airline-appointed ARC/IATAN-accredited travel agents, many other industry suppliers automatically confer appointments on these agents. To facilitate this process, suppliers purchase a database of ARC/IATAN-accredited travel agencies from IATAN to help them verify accredited travel agencies and to track bookings.

ARC/IATAN/IATA accredited travel agency numbers can be found on a passenger's electronic ticket receipt. In addition, holders of the IATAN identification card have a separate identification number. If in doubt about authentication of a travel agency's ARC/IATAN/IATA appointment status or the status of an individual's IATAN ID card, you can verify the numbers online at ARC's [Check Code](#) and IATA's [Check a Code](#).

## Non-Air Providers of Travel Seller Business Numbers

### IATAN Travel Service Intermediary (TSI)

IATAN also offers business numbers to non-air travel sellers. Like its air accredited agents, non-air travel sellers have the option of obtaining an IATAN issued identification card. TSI membership guidelines can be found at: <http://www.iatan.org/Pages/default.aspx>.

### ARC Verified Travel Consultant (VTC)

ARC, like IATAN, offers non-air travel sellers a business number. Yet, unlike IATAN, ARC does not offer an identification card. ARC's VTC membership guidelines can be found at: <http://www.arccorp.com/join/verified-travel-consultant-program.jsp>.

### **Cruise Lines International Association (CLIA)**

Cruise Lines International Association (CLIA) is a marketing organization composed of 25 of the major cruise lines serving North America. Members are given an 8-digit number, similar to an ARC/IATAN number, which is accepted by many cruise lines and other travel industry suppliers as a business tracking tool. CLIA offers its members the option of obtaining a CLIA identification card. ID card. Membership guidelines can be found at <http://www.cruising.org>.

### **Travel Retailer Universal Enumeration (TRUE)**

TRUE (Travel Retailer Universal Enumeration) is travel industry code offered to members of the Outside Sales Support Network (OSSN) that is recognized by some travel industry suppliers. TRUE does not issue an identification card, but members of OSSN have the option of obtaining an OSSN card containing their TRUE number. For details, see: <http://www.ossn.com>.

## **What ID Card Is Accepted by Most Industry Suppliers?**

IATAN. IATAN-accredited agencies periodically provide IATAN with a list of personnel who are eligible to obtain an IATAN ID card. For most airlines, the IATAN ID card is the only form of identification accepted for reduced rate or free transportation. The IATAN ID card is also accepted by many other industry suppliers for discounts and other considerations.

In order to obtain an IATAN ID card, travel agents must meet eligibility requirements outlined at <http://www.IATAN.org>. No travel agency can guarantee that it can provide valid IATAN cards or numbers to anyone.

## **What Trade Association Represents Travel Agents?**

ASTA, short for the American Society of Travel Agents, is the world's largest association of travel professionals. ASTA's members include travel agents and the companies whose products they sell such as tour operators, cruise lines, hotels and car rentals firms. ASTA's mission is to enhance the professionalism and profitability of member agents through effective representation in industry and government affairs, education and training, and by identifying and meeting the needs of the traveling public.

Members of ASTA pledge to adhere to ASTA's Bylaws and Code of Ethics and are required to respond to any complaints that consumers bring to their attention. Consumers can verify a company's membership status online at <http://www.asta.org>.

## Tips for Consumers

- ✔ Be highly skeptical of offers that require you to purchase an identification card or otherwise suggest that you will receive “travel agent benefits” without being a travel agent. Bear in mind the old adage that “If something seems too good to be true, it probably is.”
- ✔ Ask yourself whether you are buying the card merely for the purpose of receiving deals on your own travel.
- ✔ Check credentials. Ask the business to provide you with its ARC, IATA, VTC, CLIA or OSSN number and then check it with these businesses.
- ✔ Ask whether the additional cost of the card will be offset by any savings on travel services of comparable value.
- ✔ Always obtain brochures and other written documentation specifically describing what you are being promised.
- ✔ Check with the supplier whose services you are interested in, in advance, as to whether it will recognize the card or other claimed affiliation as a basis for providing them with discounts or upgrades.
- ✔ Check with the Better Business Bureau at <http://www.bbb.org> and/or the Attorney General’s consumer protection office in the area to see if any complaints are on file.
- ✔ If you are interested in pursuing a [career](#) as a travel agent visit [ASTA.org](http://ASTA.org).