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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

CYNTHIA PROSTERMAN, JAN MARIE) CASE NO.
BROWN, CAROLYN FJORD, KATHERINE R.)
ARCELL, KEITH DEAN BRADT, JUDY BRAY,)
JOSÉ M. BRITO, ROBERT D. CONWAY, JUDY)
CRANDALL, ROSEMARY D'AUGUSTA,)
BRENDA K. DAVIS, PAMELA FAUST, DON)
FREELAND, DONNA FRY, GABRIEL) COMPLAINT TO ENJOIN
GARAVANIAN, HARRY GARAVANIAN,) DEFENDANTS' VIOLATIONS OF
YVONNE JOCELYN GARDNER, LEE M.) OF SECTION 1 OF THE SHERMAN
GENTRY, VALARIE ANN JOLLY, GAIL S.) ANTITRUST ACT AND SECTION
KOSACH, JOHN LOVELL, MICHAEL C.) 16720 OF THE CALIFORNIA
MALANEY, LEN MARAZZO, LISA) CARTWRIGHT ANTITRUST ACT
MCCARTHY, PATRICIA ANN MEEUWSEN,) AND FOR DAMAGES
L. WEST OEHMIG, JR., DEBORAH M.)
PULFER, DANA L. ROBINSON, ROBERT A.) JURY TRIAL DEMANDED
ROSENTHAL, BILL RUBINSOHN, SONDRRA K.)
RUSSELL, SYLVIA N. SPARKS, JUNE)
STANSBURY, CLYDE D. STENSRUD,)
WAYNE TALEFF, GARY TALEWSKY,)
ANNETTE M. TIPPETTS, DIANA LYNN)
ULTICAN, J. MICHAEL WALKER, PAMELA S.)
WARD and CHRISTINE WHALEN,)
Plaintiffs,)
v.)
AIRLINE TARIFF PUBLISHING COMPANY,)
AMERICAN AIRLINES, INC., DELTA AIR)
LINES, INC. and UNITED AIRLINES, INC.,)
Defendants.)

Complaint to Enjoin Defendants' Violations of Section 1 of the Sherman Antitrust Act and Section 16720 of the California Cartwright Antitrust Act and for Damages

1 The Plaintiffs bring this action under Sections 4 and 16 of the Clayton Antitrust Act, 15
2 U.S.C. §§ 15 and 26, and Section 16750 of the California Cartwright Antitrust Act, Cal. Bus. and
3 Prof. Code § 16750, to obtain injunctive relief and damages caused by reason of the Defendants’
4 violations of Section 1 of the Sherman Antitrust Act, 15 U.S.C. § 1, and Section 16720 of the
5 California Cartwright Antitrust Act, Cal. Bus. and Prof. Code § 16720.
6

7 Plaintiffs purchase airline tickets from the defendant airlines for themselves and others.
8 They complain and allege as follows:
9

10 **I. NATURE OF THE ACTION**

11 1. This action arises out of a combination and conspiracy by the three largest
12 commercial passenger airlines in the United States, United Airlines, Inc., American Airlines, Inc.
13 and Delta Air Lines, Inc. (collectively, the “Airline Defendants”), who together control over 70
14 percent of the market for U.S. passenger air travel, and the Airline Tariff Publishing Company
15 (“ATP”) (all defendants are collectively referred to as the “Defendants”) in which the Airline
16 Defendants, aided and abetted by ATP, agreed to increase the fares for domestic multi-city flights
17 and no longer permit non-refundable fares for each leg of such flights to be combined to arrive at
18 the price for the multi-city itineraries, thereby causing consumers to pay hundreds and even
19 thousands of dollars more for exactly the same flights.
20

21 2. The combination and conspiracy began on or before April 1, 2016, and it
22 continues to the present.
23

24 3. The intent, purpose and effect of the conspiracy was and is to fix, raise, maintain,
25 and or stabilize prices for air passenger transportation services on multi-city trips within the
26 United States in violation of Section 1 of the Sherman Antitrust Act, 15 U.S.C. § 1, and Section
27
28

1 16720 of the Cartwright Antitrust Act, Cal. Bus. and Prof. Code § 16720, by, among other
2 actions, colluding to fix the prices of airfares on multi-city trips in the United States.

3 4. The Airline Defendants each announced their agreement in substantially identical
4 terms in written notifications given to members of the travel agency industry, including
5 Plaintiffs.
6

7 5. The Plaintiffs are air travel passengers and travel agents who bring this action
8 under Sections 4 and 16 of the Clayton Antitrust Act and Section 16750 of the California
9 Cartwright Antitrust Act to prohibit the Defendants from fixing and stabilizing airfares for multi-
10 city air travel in violation of Section 1 of the Sherman Antitrust Act and Section 16720 of the
11 Cartwright Act.
12

13 6. On or about April 1, 2016, the Airline Defendants announced a change in multi-
14 city itinerary pricing with the effect that air travelers who fly to multiple destinations are charged
15 hundred and even thousands of dollars more when they book round-trip multi-destination flights
16 rather than combining lower fares of one-way flights to the same destinations on the same flights.
17

18 II. JURISDICTION AND VENUE

19 7. This complaint is filed under Sections 4 and 16 of the Clayton Antitrust Act, 15
20 U.S.C. §§ 15 and 26, to recover damages and obtain equitable relief, including costs of suit and
21 reasonable attorneys' fees, for violations of Section 1 of the Sherman Antitrust Act, 15 U.S.C. §
22 1, and under Section 16750 of the California Cartwright Antitrust Act, Cal. Bus. and Prof. Code
23 § 16750, to recover damages and obtain equitable relief, including costs of suit and reasonable
24 attorney's fees, for violations of Section 16720, *et seq.* of the California Cartwright Antitrust Act,
25 Cal. Bus. and Prof. Code § 16720. The Court has original federal-question jurisdiction over the
26 Sherman Act and Clayton Act claims asserted in this complaint pursuant to 28 U.S.C. §§ 1331
27
28

1 and 1337, and the Court has supplemental jurisdiction over the California Cartwright Act claims
2 under 28 U.S.C. § 1367.

3 8. Venue is proper in this District pursuant to Sections 4(a) and 12 of the Clayton
4 Act, 15 U.S.C. §§ 15 and 22, and 28 U.S.C. § 1391(b), (c), and (d) because Defendants reside,
5 transact business, are found and/or have agents within this District, and a substantial part of the
6 events giving rise to Plaintiffs' claims occurred in this District and a substantial portion of the
7 affected interstate trade and commerce described herein has been carried out in this District.
8

9 9. This Court has personal jurisdiction over Defendants because, *inter alia*, each: (a)
10 transacted business in this District; (b) directly sold and delivered passenger air transportation in
11 this District; (c) has substantial aggregate contacts within this District; or (d) engaged in an
12 illegal price-fixing conspiracy that was directed at, and had the intended effect of, causing injury
13 to persons and entities residing in, located in, or doing business in this District.
14

15 III. PLAINTIFFS

16 10. Each Plaintiff named herein is an individual and a citizen of the state listed as
17 the address for each such Plaintiff, and in the four years next prior to the filing of this action,
18 Plaintiffs purchased airline tickets for themselves and, as travel agents, on behalf of others from
19 the Airline Defendants as a result of which they have suffered pecuniary and irreparable injury to
20 themselves, their property and their businesses, and each Plaintiff expects to continue to purchase
21 airline tickets, and to continue in the business of purchasing airline tickets, from the Airline
22 Defendants in the future:
23

24 Cynthia Prosterman, 527 20th Avenue, San Francisco, CA 94121;

25 Jan Marie Brown, 975 Kennedy Dr., Carson City, NV, 89706;

26 Carolyn Fjord, 4405 Putah Creek Road, Winters, CA 95694;
27
28

1 Katherine R. Arcell, 4427 S. Miro St., New Orleans, LA 70125;

2 Keith Dean Bradt, 690 W 2nd St, Suite 200, Reno, NV 89503;

3 Judy Bray, 5140 N Union Blvd., Ste. 200, Colorado Springs, CO 80918;

4 José M. Brito, 2715 Sage Bluff Ct., Reno, NV 89523;

5 Robert D. Conway, 6160 W Brooks Ave., Las Vegas, NV 89108;

6 Judy Crandall, 4085 Ramrod Circle, Reno, NV 89519

7 Rosemary D'Augusta, 347 Madrone St., Millbrae, CA 94030;

8 Brenda K. Davis, 11022 Old Military Trail, Forney, TX, 75126;

9 Pamela Faust, 6227 Whileaway Dr., Loveland, OH 45140;

10 Don Freeland, 73801 White Sands Dr., Thousand Palms, CA 92276;

11 Donna Fry, 6740 Northrim Ln., Colorado Springs, CO 80919;

12 Gabriel Garavanian, 104 Sequoia Road, Tyngsboro, MA 01879;

13 Harry Garavanian, 104 Sequoia Road, Tyngsboro, MA 01879;

14 Yvonne Jocelyn Gardner, 10-Gold Coin Ct., Colorado Springs, CO 80919;

15 Lee M. Gentry, 7021 Forestview Dr., West Chester, OH 45069-3616;

16 Valarie Ann Jolly, 2121 Dogwood Loop, Mabank, TX 75156;

17 Gail S. Kosach, 4085 Ramrod Cir., Reno, NV 89519;

18 John Lovell, 1801 Breton Rd., Grand Rapids, MI 49546

19 Michael C. Malaney, 5395 Egypt Creek NE., Ada, MI 49301;

20 Len Marazzo, 1260 Springer Ct., Reno, NV 89511;

21 Lisa McCarthy, 35 Lancashire Place, Naples, FL 34104;

22 Patricia Ann Meeuwsen, 1062 Wedgewood, Plainwell, MI 49080;

23 L. West Oehmig, Jr., 1017 East Brow Road, Lookout Mountain, TN 37350;

Deborah M. Pulfer, 16264 E. Mason Rd., Sidney, OH 45365;

Dana L. Robinson, 127B Palm Bay Terrace, Palm Beach Gardens, FL 33418;

Robert A. Rosenthal, 4659 Bridle Pass Drive, Colorado Springs, CO 80923;

Bill Rubinsohn, 261 Old York Road, Jenkintown, PA 19046;

Sondra K. Russell, 1206 N. Loop 340, Waco, TX 76705;

Sylvia N. Sparks, 3320 Conte Drive, Carson City, NV 89701;

June Stansbury, 363 Smithridge Park, Reno, NV 89502;

Clyde D. Stensrud, 1529 10th St. W., Kirkland, WA 98033;

Wayne Taleff, 768 Farmsworth Ct., Cincinnati, OH 45255;

Gary Talewsky, 12 Cortland Dr. Ext., Sharon MA 02067

Annette M. Tippetts, 2783 East Canyon Crest Dr., Spanish Fork, UT 84660;

Diana Lynn Ultican, 9039 NE Juanita Dr, #102, Kirkland, WA 98034;

J. Michael Walker, 11865 Heather Ln., Grass Valley, CA 95949;

Pamela S. Ward, 1322 Creekwood Dr., Garland, TX 75044; and

Christine Whalen, 1129 Pine St., New Orleans, LA 70118

IV. DEFENDANTS

11. United Airlines, Inc. (individually, “United”) is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business located at 233 South Wacker Drive, Chicago, Illinois, 60606, and is a named defendant herein. United conducts air passenger transportation services throughout the United States, including within this District.

12. American Airlines, Inc. (individually, “American”) is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business located at

4333 Amon Carter Boulevard, Fort Worth, Texas, 76155, and is a named defendant herein.

American conducts air passenger transportation services throughout the United States, including within this District.

13. Delta Air Lines, Inc. (individually, “Delta”) is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business located at 1030 Delta Boulevard, Atlanta, Georgia, 30354, and is a named defendant herein. Delta conducts air passenger transportation services throughout the United States, including within this District.

14. Airline Tariff Publishing Company (individually, “ATP”) is, upon information and belief, a District of Columbia corporation with its principal place of business at Washington Dulles International Airport, 45005 Aviation Drive, Dulles, Virginia, and is a named defendant herein.

15. ATP is wholly owned by a group of airlines that includes the Airline Defendants in this action.

16. Whenever this Complaint refers to any act, deed, or transaction of any Defendant, it means the Defendant engaged in the act, deed, or transaction by or through its officers, directors, employees, agents, or other representatives while they actively were engaged in the management, direction, control, or transaction of its business or affairs.

V. CO-CONSPIRATORS

17. Various others, not named as Defendants, have participated as co-conspirators with the Defendants in the violations alleged in this Complaint, and have performed acts and made statements in furtherance thereof.

VI. TRADE AND COMMERCE

18. During the period of time covered by this Complaint, each of the Airline

1 Defendants has been engaged in the business of selling and providing air passenger
2 transportation services throughout the United States.

3 19. Each of the Airline Defendants provides scheduled domestic air passenger
4 transportation services throughout the United States and to and from numerous city pairs within
5 the United States. A city pair is a set of two cities between which scheduled air passenger
6 transportation services are provided. Each of the Airline Defendants competes with each of the
7 other Airline Defendants for travelers throughout the United States and in numerous city pairs,
8 including in California.
9

10 20. Total sales of domestic air passenger transportation services were approximately
11 \$146 billion in 2014, and they are reasonably expected to have exceeded that amount in 2015
12 (with revenues for the first three quarters of 2015 of approximately \$110.4 billion). Domestic net
13 income for all domestic air carriers in 2014 was approximately \$8.8 billion, and they
14 substantially exceeded that figure in 2015 (with net income for the first three quarters of 2015 of
15 approximately \$14.2 billion).
16

17 21. American's domestic air passenger transportation services revenues were
18 approximately \$15.5 billion in 2014, and it is reasonably expected to have exceeded that figure in
19 2015 (with revenues for the first three quarters of 2015 of approximately \$14.4 billion).
20 Domestic net income for American in 2014 was approximately \$971 million, and it substantially
21 exceeded that figure in 2015 (with net income for the first three quarters of 2015 of
22 approximately \$2 billion).
23

24 22. Delta's domestic air passenger transportation services revenues were
25 approximately \$26.8 billion in 2014, and it is reasonably expected to have exceeded that amount
26 in 2015 (with revenues for the first three quarters of 2015 of approximately \$21 billion).
27
28

1 Domestic net income for Delta in 2014 was approximately \$562.4 million, and it substantially
2 exceeded that figure in 2015 (with net income for the first three quarters of 2015 of
3 approximately \$2.3 billion).
4

5 23. United's domestic air passenger transportation services revenues were
6 approximately \$22.3 billion in 2014, and it is reasonably expected to have exceeded that amount
7 in 2015 (with revenues for the first three quarters of 2015 of approximately \$16.6 billion).
8 Domestic net income for United in 2014 was approximately \$369 million, and it substantially
9 exceeded that figure in 2015 (with net income for the first three quarters of 2015 of
10 approximately \$3.4 billion).
11

12 24. During the complaint time period, a substantial portion of each of the Airline
13 Defendants' revenues has been derived from the sale and provision of air passenger
14 transportation services between different states. The activities of each of the Airline Defendants
15 that are the subject of this Complaint have been within the flow of and have substantially
16 affected interstate trade and commerce.
17

18 25. At all times relevant hereto, ATP has been engaged in the collection and
19 dissemination of air passenger transportation fare data. As described below, the Airline
20 Defendants transmit fare information such as fare amounts and restrictions to ATP, which in turn
21 disseminates the information to the Airline Defendants. During the complaint time period, the
22 activities of ATP that are the subject of this Complaint have been within the flow of and have
23 substantially affected interstate trade and commerce, including trade and commerce in California.
24

25 26. Part of ATP's stated mission is to protect or increase airline revenue. It aids,
26 abets and enables its airline owners, including the Airline Defendants, to fix prices on airfares.
27
28

1 27. ATP distributes fare and fare-related data to the Airline Defendants. ATP's
2 service allows the Airline Defendants to easily and flexibly create, modify, match, cancel, fix and
3 stabilize airfares among and between the Airline Defendants in seconds.

4
5 28. ATP aids and abets the Airline Defendants in the fixing and stabilizing of airfares
6 on multi-city trips.

7 29. Each of the Airline Defendants is an owner of ATP and ATP maintains on their
8 behalf a data base of airline fare information. For each fare submitted by an Airline Defendant to
9 ATP for processing, each Airline Defendant supplies ATP with, among other things, a fare basis
10 code (the name of the fare), the dollar amount, and the fare rules. The fare rules contain the
11 conditions under which a fare can be used or sold (*i.e.*, "fare restrictions").
12

13 30. The Airline Defendants submit such fare changes to ATP at least once each
14 weekday.

15
16 31. After ATP receives the fare changes from the Airline Defendants, it processes the
17 changes and disseminates information on daily fare changes to the Airline Defendants, including
18 computer reservation systems owned by the Airline Defendants. The information disseminated
19 by ATP is comprised of many different types of information and includes the rules involved in
20 each airline's pricing actions.
21

22 32. Because of the substantial ownership of ATP by the Airline Defendants,
23 American, United and Delta directly participate in the rules affecting airfares. In this case, the
24 Airline Defendants and ATP changed the rules, including those pertaining to so-called CAT 10
25 fares for multi-city air travel, so that air passengers traveling on multi-city itineraries now pay
26 hundreds and even thousands of dollars more than if they booked passage on the same flights to
27 the same cities as separate one-way fares.
28

1 33. The Airline Defendants, either directly or through an ATP subscriber, employ
2 sophisticated computer programs that sort the fare information received from ATP and produce
3 detailed reports. These reports allow the Airline Defendants to monitor and analyze immediately
4 each other's fare changes and restrictions.
5

6 34. The Airline Defendants have the ability, are likely, and have threatened, to
7 penalize Plaintiffs, including by terminating their ability to book flights and purchase tickets as
8 travel agents and by imposing substantial financial penalties on them if the Plaintiffs do not abide
9 by the policies and rules set by the Airline Defendants and ATP, including the illegal price fixing
10 and fare restrictions complained of herein.
11

12 **VII. FIRST CAUSE OF ACTION**

13 **(Price Fixing)**

14 35. Sometime prior to April 1, 2016, the Airline Defendants agreed to change ATP's
15 "CAT 10" rule on fare combinability to allow them to charge hundreds and even thousands of
16 dollars more for multi-city itineraries than if the same flights were purchased separately. This
17 conduct constitutes a combination and conspiracy among the Airline Defendants, ATP, and
18 co-conspirators in unreasonable restraint of interstate trade and commerce in violation of Section
19 1 of the Sherman Act, 15 U.S.C. § 1, and in violation of Section 16720 of the California
20 Cartwright Act, Cal. Bus. and Prof. Code § 16720. The offenses are likely to continue and recur
21 unless the relief hereinafter prayed for is granted.
22
23

24 36. The combination and conspiracy consist of agreements, understandings, and
25 concerted actions to increase fares, eliminate discounted fares, and set fare restrictions for tickets
26 purchased for multi-city air travel within the United States.
27
28

1 37. For the purpose of forming and effectuating the combination and conspiracy, the
2 Airline Defendants and co-conspirators, through ATP, did the following things, among others:

3 (a) agreed to higher fares for multi-city air travel by eliminating the “combinability”
4 of lower, non-refundable, one-way fares on multi-city trips and requiring that a single
5 round-trip fare be established for all such flights, on the same planes, to the same
6 destinations, at fares costing Plaintiffs and other consumers up to ten times the cost of the
combined one-way fares;

7 (b) agreed to prohibit passengers and travel agents, including Plaintiffs, from buying
8 separate legs of multi-city air travel;

9 (c) agreed, and threatened travel agents, including Plaintiffs, who fail to charge the
10 new, higher, fixed airfares for multi-city travel that they would receive “debit memos”
11 requiring the travel agents to pay the Airline Defendants the difference between the lower
per-leg prices at which they booked flights and the new, higher, fixed prices;

12 (d) agreed, and threatened, that passengers who purchase fares for separate legs of
13 multi-city air travel, rather than purchase fares for the same multi-city travel at the new,
higher, fixed prices, will suffer the loss of baggage;

14 (e) agreed, and threatened, to charge passengers \$200.00 in change fees for each leg
15 of a multi-city itinerary where each leg is booked separately rather than as a single ticket
16 at the new, higher, fixed price; and

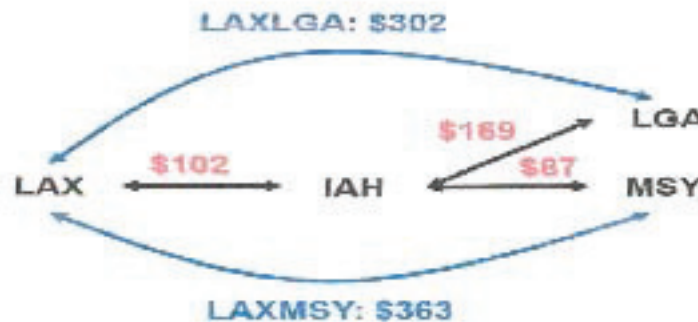
17 (f) agreed, and threatened, to refuse to deal with travel agents, including Plaintiffs,
18 who do not charge the Airline Defendants’ higher, fixed prices, but instead book multi-
city itineraries for their customers on a less expensive, per leg basis.

19 38. The Airline Defendants each took the actions they agreed to take.

20 39. On April 1, 2016, American announced: “Recently American Airlines, along with
21 other U.S. carriers, made changes to CAT 10 domestic combinability fare rules that impact
22 certain one-way fares. These changes prevent combining non-refundable local fares to create a
23 connecting itinerary.” American’s announcement is attached and incorporated as Exhibit A.

24 40. With respect to the change in domestic combinability fare rules, American’s
25 spokesman Joshua Freed said: “The change was made in mid-March to stop flyers from paying
26 fares lower than the airline had intended for certain markets.”
27
28

41. On March 30, 2016, United announced: “Multiple U.S. carriers recently made changes to the CAT 10 domestic combinability fare rules impacting some one-way fares.” A copy of United’s announcement is attached and incorporated as Exhibit B. United’s announcement contained the following graphic example of how airfares for multi-city trips will be increased by reason of the illegal actions complained of herein. This example is for multi-city trips from Los Angeles to Houston to New York and from Los Angeles to Houston to New Orleans. The fares for each individual leg of the trip is in black, while United’s newly imposed illegal “path fares” are in blue:



42. On or about April 1, 2016, Delta stated: “Delta Air Lines recently made a change to the combinability of one-way fare products.” And, “End-on-end combinability of non-refundable fares has been restricted.” Delta’s announcement is attached and incorporated as Exhibit C.

43. The above announcements and the implementation of the new airfare rules by the Airline Defendants were essentially contemporaneous, whereas fares and rule changes of such magnitude in the airline industry are usually first implemented by one airline, observed for some time by other airlines to determine their effectiveness, and then followed later by the other

1 airlines. In this instance the Airline Defendants announced and implemented the fare rule change
2 virtually simultaneously as a result of a combination and conspiracy by them.

3 44. Airline Industry estimates suggest that the change in the rule by the Airline
4 Defendants will affect between and 20 and 25 percent of business multi-city trips.

5 45. On April 7, 2016, the Associated Press reported as follows on a comparison of
6 costs for multi-city fares under the Airline Defendants' former, traditional method of pricing and
7 the fares in effect under their new agreement:
8

9 (a) A Delta itinerary flying from Orlando to Detroit to New York and back to
10 Orlando, traditionally priced by combining the fare for each leg of the trip, had a cost to
11 the customer of \$282.00. When priced according to the Airline Defendants' new
12 agreement, the same trip now costs \$2,174.00 (an overcharge of \$1,892.00).

13 (b) An American itinerary flying from Miami to Chicago to San Francisco and back
14 to Miami, traditionally priced by combining the fare for each leg of the trip had a cost to
15 the customer of \$664.00. When priced according to the Airline Defendants' new
16 agreement, the same trip now costs \$1,064.00 (an overcharge of \$400.00).

17 (c) A United itinerary flying from New York to Ft. Lauderdale to Chicago and back
18 to New York, traditionally priced by combining the fare for each leg of the trip had a cost
19 to the customer of \$308.00. When priced according to the Airline Defendants' new
20 agreement, the same trip now costs \$507.00 (an overcharge of \$199.00).

21 46. The "Cranky Flier" blog, which is devoted to air travel issues, reported on March
22 31, 2016, that under the Defendants' agreement, a passenger flying an American itinerary in May
23 2016, from San Francisco to Washington DC, then from Washington DC to Dallas and then back
24 to San Francisco will pay a round-trip fare of \$1,837.20, rather than \$412.80 if the segments were
25 purchased individually for the very same flights, at the very same time, on the very same aircraft,
26 in the very same seat (i.e., \$206.60, \$88.10 and \$118.10, respectively); an overcharge of
\$1,424.40.

27 47. Similarly, a check of the Airline Defendants' fares for mid-week travel in May
28 2016, disclosed the following exorbitant price increases for multi-city itineraries:

*Complaint to Enjoin Defendants' Violations of Section 1 of the Sherman Antitrust Act and
Section 16720 of the California Cartwright Antitrust Act and for Damages*

1 (a) A United itinerary flying May 10-13, from New Orleans to Denver to Chicago and
2 back to New Orleans, priced by combining the one-way fare for each leg of the trip would
3 have a cost to the customer of \$312.30. When priced according to the Airline
Defendants' new agreement, the lowest fare for the same trip will cost \$457.70.

4 (b) A Delta itinerary flying May 10-13, from New Orleans to Atlanta to New York
5 and back to New Orleans, priced by combining the one-way fare for each leg of the trip
6 would have a cost to the customer of \$321.30. When priced according to the Airline
Defendants' new agreement, the lowest fare for the same trip will cost \$520.70.

7 (c) An American itinerary flying May 10-13, from New Orleans to Dallas to
8 Minneapolis and back to New Orleans, priced by combining the one-way fare for each leg
9 of the trip would have a cost to the customer of \$263.80. When priced according to the
Airline Defendants' new agreement, the lowest fare for the same trip will cost \$517.20.

10 48. On April 8, 2016, U.S. Senator Bob Menendez called for an investigation of the
11 Defendants for the acts alleged herein. Senator Menendez's press release contains several
12 examples graphically depicting the enormous fare increases which airline passengers are required
13 to pay as a result of the illegal actions of the Defendants. Copies of the graphs contained in the
14 press release exemplifying the dramatic increases in fares as a result of the Defendants' acts are
15 attached and incorporated as Exhibit D.
16

17 49. This combination and conspiracy has, and continues to have, the following
18 effects, among others:
19

20 (a) price competition among the Airline Defendants for the provision of air passenger
21 transportation services in domestic multi-city destination flights has been unreasonably
restrained;

22 (b) Plaintiffs and their customers have been deprived of the benefits of free and open
23 competition in the sale of air passenger transportation services and have paid supra-
24 competitive prices for multi-destination flights as a result of the Airline Defendants'
combination and conspiracy fixing fares on domestic multi-city air travel;

25 (c) Plaintiffs, in their capacities as travel agents, have suffered, and are continuing to
26 suffer damages, the extent of which are currently unknown and will be extraordinarily
27 difficult to ascertain, as well as irreparable harm by reason of the Airline Defendants'
28 agreement to fix fares on domestic multi-city air travel in the following ways:

(i) Plaintiffs are now required to expend an inordinate amount of time booking individual one-way legs of multi-city flights in order to save their customers hundreds, and in some cases thousands, of dollars they would otherwise be required to pay as a result of the Airline Defendants' price fix. In many cases the time required to book the identical multi-city trip has increased from approximately five minutes to twenty minutes or more by reason of the need to enter full data sets for each passenger on each one-way leg and obtain a Personal Name Report ("PNR") for each leg. This is a time-consuming process for which Plaintiffs cannot be compensated;

(ii) By booking multi-city flights for their customers by combining one-way fares at a lower aggregate cost than the illegal fares newly imposed by the Airline Defendants, the Plaintiffs are threatened by the Airline Defendants with the imposition of substantial "debit memos" in the future;

(iii) By booking multi-city flights for their customers by combining one-way fares at a lower aggregate cost than the illegal fares newly imposed by the Airline Defendants, the Plaintiffs are threatened with being cut off from booking flights with the Airline Defendants with the consequential damage to or loss of Plaintiffs' travel agency businesses. United currently states in its ticketing guidelines for travel agents:

"Authorization to sell United tickets and services is contingent upon compliance with United's policies and guidelines for bookings, inventory availability, ticketing, refunds, exchanges, tariffs and commission. Violations or failure to meet these guidelines may result in loss of an agency's appointment, which will prohibit participation in the sale of United transportation and services, including booking active and passive segments or claiming United segments in any computer reservation system."

(iv) By booking multi-city flights for their customers by combining lower cost one-way flights, contrary to the Airline Defendants' new rule, the Plaintiffs' customers risk losing baggage or incurring additional baggage charges, or incurring flight cancellation or change fees of up to \$200.00 per person if the leg of a flight itinerary is delayed or canceled.

50. As a result of the foregoing, Plaintiffs' have been damaged in an amount which is not yet ascertained.

51. In addition, as a result of the above, Plaintiffs' relationships with their customers have been and will continue to be injured and they will suffer injury to their reputations and

businesses, which will either not be compensable by money damages, or they will be extraordinarily difficult to ascertain.

IX. SECOND CAUSE OF ACTION

(Coordination Facilitating Device)

52. Plaintiffs reallege each of the foregoing paragraphs as if the same were set forth herein at length.

53. During the period beginning on or before April 1, 2016, and continuing to the present, each of the Airline Defendants, ATP, and co-conspirators engaged in various combinations and conspiracies with each of the other Airline Defendants and co-conspirators in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, and Section 16720 of the Cartwright Act, Cal. Bus. and Prof. Code § 16720.

The offenses will continue unless the relief hereinafter prayed for is granted.

54. The combinations and conspiracies consist of an agreement, understanding, and concert of action among Defendants and co-conspirators to create, maintain, operate, and participate in the ATP fare dissemination system for domestic air passenger transportation services which is a system that has been formulated and operated in a manner that unnecessarily facilitates coordinated interaction among the Airline Defendants and co-conspirators by enabling them to, among other things:

(a) engage in a dialogue with one another about planned or contemplated increases to fares, changes in fare restrictions, and the elimination of discounts;

(b) monitor each other's intentions concerning increases to fares, changes in fare restrictions, withdrawals of discounted fares; and

(c) lessen uncertainty concerning each other's pricing intentions.

(a) coordinated interaction among the Airline Defendants and co-conspirators has been made more frequent, more successful, and more complete;

(c) Plaintiffs and other consumers of air passenger transportation services have been deprived of the benefits of free and open competition in the sale of such services, including by having to pay supra-competitive prices for multi-city flights.

WHEREFORE, Plaintiffs pray:

B. That the agreement among the Defendants be declared null and void and unenforceable.

(i) enforcing any practice or policy that requires Plaintiffs to book flights to multi-city destinations at fares which are greater than the sum of the combined non-refundable one-way fares for each leg of a passenger's flight;

(iii) disseminating to the other Airline Defendants certain information concerning any planned or contemplated fare or fare restriction or any planned or contemplated change to fares or fare restrictions;

and

(iv) penalizing Plaintiffs for booking multi-city destination flights in the manner proscribed by (i) above, including, without limitation, by issuing debit memos or limiting or terminating Plaintiffs' authorization to book flights on the Airline Defendants.

D. That Plaintiffs be awarded treble their damages, attorneys' fees, interest and costs of suit.

E. That Plaintiffs have such other and further relief as the nature of the case may require and the Court may deem just and proper.

XI. JURY DEMAND

Plaintiffs hereby demand a trial by jury of all matters properly triable thereto.

Dated: April 17, 2016

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Attorneys for Plaintiffs

VERIFICATION

I, Cynthia Prosterman, am a plaintiff in this action.

I have reviewed the Verified Complaint and with regard to the allegations of which I have personal knowledge, I believe them to be true. With regard to the allegations that are based upon information and belief and of which I do not have personal knowledge, I believe them to be true based upon the information contained in the documents annexed to the Verified Complaint, information obtained from published sources, and the information I have acquired from my years of experience in the travel industry. I make this verification under the penalty of perjury pursuant to 28 U.S.C. § 1746.

Dated: April 18, 2016


Cynthia Prosterman

EXHIBIT A

American Airlines

An update to domestic fare combinability rules



Good Morning,

Recently American Airlines, along with other U.S. carriers, made changes to CAT10 domestic combinability fare rules that impact certain one-way fares. These changes prevent combining nonrefundable local fares to create a connecting itinerary.

What did we change and why?

We restricted end-on-end combinations of non-refundable fares. These discounted local fares were sometimes pieced together to generate a connecting itinerary priced below the intended fare for that origin and destination. We've always intended to price our fares based on the passenger's origin and the final intended destination. We changed fare and ticketing policies to ensure various fares are used in this way on multiple-segment itineraries.

Does this affect multi-city trips as well?

Yes, while we planned to limit changes to "sum of locals" pricing, we unintentionally impacted the pricing structure for some multi-city trips, "circle trips" and open jaw itineraries. We've adjusted filings to reduce these unintentional changes and will continue to work on technical enhancements in order to address these complex itineraries.

What if travelers want to continue booking multiple tickets?

We strongly discourage purchasing separate tickets to make a connection. Traveling on separate tickets increases the likelihood of travel impacts such as missed connections for checked baggage or cancelled tickets if travelers miss a connection.

Please review aa.com/agency for more details about our policies related to these bookings.

For more information, please feel free to reach out to me. And as always, thank you for your business.

Sincerely,

Esther Maldonado

Managing Director, Southwestern Division Sales
American Airlines



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EXHIBIT B


A STAR ALLIANCE MEMBER 

United Sales

United News

March 30, 2016

Understanding domestic fare combinability rules

Multiple U.S. carriers recently made changes to the CAT10 domestic combinability fare rules impacting some one-way fares.

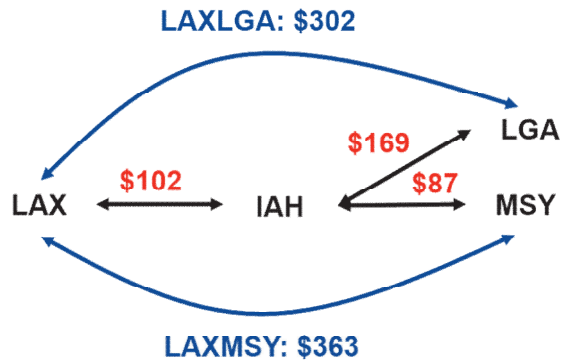
- **Non-refundable one-way fares** will only allow customers to travel either on a one-way itinerary or a round-trip (to return back to the origin city e.g., A -> B -> A type combination).
- Combinability restrictions prevent "**sum of sector**" pricing of multi-city itineraries.
- Most legitimate open jaw and circle trips will now auto-price on a single ticket. Certain itineraries that previously priced using a single ticket will now require two or more tickets.
- As this change is in the fare rules, it **applies across all channels**, including united.com and GDS providers. Please note that although the GDS supports pricing of these itinerary types, current online booking tool (OBT) functionality may not support all itinerary type pricing requests.

Note that **refundable fares** may still be booked as end-on-end and are not impacted by these combinability restrictions. Many **international fare** rules already carry combinability

restrictions.

What is sum of sector pricing?

Sum of sector pricing is when multiple fare types are combined in order to price a fare lower than the available path (O&D) fare. Under the new combinability rules, this ticketing behavior is more restricted. An example of sum of sector pricing is below in black, while the path fares are in blue.



How do the new combinability rules work?

- EWR-LAX returning on SFO-EWR would be allowed on a single ticket (returns back to origin city).
- EWR-LAX, LAX-SFO returning SFO-EWR would be allowed on a single ticket (returns back to origin city).
- EWR-ORD returning ORD-LGA would be allowed on a single ticket (returns back to origin city, even though it is a different airport). ORD-LGA returning EWR-ORD would work as a single ticket as well.
- EWR-LAX, LAX-DEN returning DEN-LGA would be allowed on a single ticket (returns back to origin city, even though it is a different airport).
- EWR-LAX then LAX-EWR followed by EWR-IAH would not be allowed (origin and end point are different cities - this is seen as two trips). Another example of this would be flying EWR-LAX, then LAX-SFO, and ending with SFO-IAD.

Can PNRs be built with multiple tickets?

Although the United system does support multiple tickets in the same record, please visit united.com/agency for an overview of possible consequences of doing so.

EXHIBIT C



Update on Fare Combinability Rules

(April 1, 2016) - Delta Air Lines recently made a change to the combinability category in the rules of certain one-way fare products. Based on feedback, we want to provide the following clarification:

Here's what's the same:

There are no changes to combinability rules on refundable fares.

Here's what's changed:

End-on-end combinability of non-refundable fares has been restricted.

Can I still construct circle trips using one way fares?

We did not intend to prevent the booking of legitimate circle trips using any available one way fares. You can book multiple one way tickets for the purpose of constructing legitimate circle trips and put them in one PNR.

Can I book multiple tickets to construct connecting itineraries other than the ones that Delta publishes for sale?

You can book any one way ticket we offer for sale, but we do not recommend using multiple one-way tickets to create connecting itineraries. It increases the likelihood that customers could experience service failures such as lost baggage and missed connections.

#

EXHIBIT D



FAIR FARES?

Multiple Destinations - Together 1 Adult

Trip summary
Fri, Jun 03, 2016

9:00 am New York/Newark, NJ, US (EWR - Liberty)	✈	11:42 am Los Angeles, CA, US (LAX)	Nonstop 5h 42m total
Revise flight Details Seats			

Mon, Jun 06, 2016

4:25 pm Los Angeles, CA, US (LAX)	✈	5:49 pm San Francisco, CA, US (SFO)	Nonstop 1h 24m total
Revise flight Details Seats			

Sat, Jun 11, 2016

6:00 am San Francisco, CA, us (sfo)	✈	2:21 pm New York/Newark, NJ, US (EWR - Liberty)	Nonstop 5h 21m total
Revise flight Details Seats			

Total Cost:

\$1,311



FAIR FARES?

Multiple Destinations - Individual 1 Adult

Trip summary
Fri, Jun 03, 2016

9:00 am New York/Newark, NJ, US (EWR - Liberty)	✈	11:42 am Los Angeles, CA, US (LAX)	Nonstop 5h 42m total
Revise flight Details Seats			


Total \$311.10

Total Cost:

\$592

Trip summary
Sat, Jun 11, 2016

6:00 am San Francisco, CA, US (SFO)	✈	2:21 pm New York/Newark, NJ	Nonstop 5h 21m total
Revise flight Details Seats			





FAIR FARES?

Multiple Destinations - Together
1 Adult

Total Cost:
\$1,311


Multiple Destinations - Individual
1 Adult

Total Cost:
\$592

Price Difference:
\$719

Three Booking Scenarios:


FAIR FARES?


Business: Two Stops or One Scenario

Multiple Destinations - Together
1 Adult, 3 stops
New York to Los Angeles, Los Angeles to San Francisco, San Francisco to New York

Total Cost:
\$1,141


Multiple Destinations - Individual
1 Adult, 3 stops
New York to Los Angeles, Los Angeles to San Francisco, San Francisco to New York

Total Cost:
\$620



Two stops on a business trip or one?

Price Difference:
\$521



FAIR FARES?

Family of Four: Pick-Which-Grandparents Scenario

Multiple Destinations - Together
4 people, 3 stops
Newark to Dallas, Dallas to San Francisco,
San Francisco to Newark


Multiple Destinations - Individual
4 people, 3 stops
Newark to Dallas, Dallas to San Francisco,
San Francisco to Newark


**Visit Dallas or San Francisco?
Or Both?**

Total Cost:
\$4,140

Total Cost:
\$3,001

Price Difference:
\$1,139





FAIR FARES?

Special Occasions: Which-event-to-attend scenario

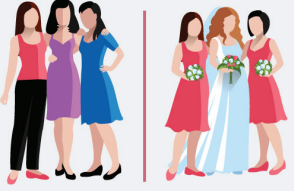
Multiple Destinations - Together
1 Adult, 3 stops
Newark to Dallas, Dallas to Tampa, Tampa to Newark

Multiple Destinations - Individual
1 Adult, 3 stops
Newark to Dallas, Dallas to Tampa, Tampa to Newark

Total Cost:
\$567

Total Cost:
\$268

Price Difference:
\$299



Bachelorette party and the wedding? Or just one?

###