

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 95 (Umberg)
Version: April 10, 2025
Hearing Date: April 22, 2025
Fiscal: Yes
Urgency: No
AWM

SUBJECT

Sellers of travel: travel consolidators: fraud

DIGEST

This bill requires a travel consolidator, as defined, to register as a seller of travel for purposes of the Sellers of Travel Law, and requires an air carrier to refund the airfare of a consumer who was defrauded by a seller of travel when certain conditions are met.

EXECUTIVE SUMMARY

Under current law, sellers of travel – persons who provide, furnish, contract for, or advertise that they can make travel arrangements for consumers – are regulated under the Sellers of Travel Law and are required to register with the Attorney General. Travel consolidators – entities that purchase airline tickets from an airline in bulk and resell them to travel agencies or directly to consumers at a discount – are not currently required to register. According to the author, this loophole has allowed unscrupulous travel consolidators to operate scams wherein they pose as an airline and sell consumers airfare under significantly worse terms than if the consumer had purchased the airfare from the airline or a legitimate travel booking site.

This bill is intended to protect consumers from such scams in two ways. First, the bill adds “travel consolidator” to the definition of “seller of travel,” thereby requiring them to register with the Attorney General and otherwise conform to the Sellers of Travel Law. Second, this bill requires an airline to refund a person’s airfare when (1) the person was defrauded by a seller of travel (including a travel consolidator), (2) the person was unable to get a refund from the seller of travel within a reasonable time, and (3) the airline had actual notice that the seller of travel was engaging in a fraudulent course of conduct. Additionally, in such circumstances, if the seller of travel failed to register under the Sellers of Travel Law, the ticket purchase is voidable by the purchaser.

This bill is sponsored by the author. The Committee has not received timely opposition to this bill. The Senate Business, Professions and Economic Development Committee passed this bill with a vote of 10-1.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Makes Legislative findings and declarations related to the importance of eliminating unfair advertising, sales, and business practices by sellers of travel, and the need to establish standards that will safeguard the people against financial hardship arising from unethical practices in the travel businesses. (Bus. & Prof. Code, § 17550.)
- 2) Defines “seller of travel” as follows:
 - a) “Seller of travel” means a person who sells, provides, furnishes, contracts for, arranges, or advertises that they can or may arrange, or has arranged, wholesale or retail, either (1) air or sea transportation, either separately or in conjunction with other travel services; or (2) land or water vessel transportation, other than sea carriage, either separately or in conjunction with other travel services, if the total charge to the passenger is over \$300.
 - b) “Seller of travel” does not include (1) an air carrier; (2) an ocean carrier; (3) a hotel, motel, or similar lodging establishment where in the course of selling, providing, furnishing, contracting for, or arranging transient lodging accommodations and related services for its registered guests, it also arranges for transportation that does not directly or indirectly receive any money or valuable consideration for arranging or providing the transportation; (4) a person or organization organized as a motor club under the Insurance Code, except as specified; (5) a motor or rail carrier or water vessel operator holding the required permit, license, or other authority to operate from a state, federal, or other governmental entity. (Bus. & Prof. Code, § 17550.1.)
- 3) Defines “passenger” as a person on whose behalf money or other consideration has been given or is given to another, including another member of the same partnership, corporation, joint venture, association, organization, group, or other entity, for air or sea transportation, other travel services, or both, to that person. (Bus. & Prof. Code, § 17550.3.)
- 4) Defines “air carrier” as a transporter by air of persons that operates under a certificate of convenience and necessity issued by the United States Department of Transportation or under the certification of a foreign government that is recognized by the United States Department of Transportation. (Bus. & Prof. Code, § 17550.4.)

- 5) Defines “ticket or voucher” as a writing that is itself good and sufficient to obtain the entire air or ocean transportation, or travel services, which the passenger has purchased. (Bus. & Prof. Code, § 17550.5.)
- 6) Defines “officially appointed agent” as agent expressly appointed as such, without reservation, for a specified time period, in a written instrument executed by the principal or an authorized representative of the principal, as specified. (Bus. & Prof. Code, § 17550.6.)
- 7) Establishes requirements for sellers of travel within the Sellers of Travel Law, including:
 - a) Establishing requirements for written materials that must be provided to a passenger.
 - b) Establishing requirements for when and how refunds must be provided.
 - c) Establishing that a seller of travel has a fiduciary duty with respect to all sums received for transportation or travel services, and requiring that a seller of travel either hold passenger funds in trust, as provided, or maintain an adequate bond, as specified. (Bus. & Prof. Code, §§ 17550.13-17550.17)
- 8) Requires a seller of travel to apply for registration with the Attorney General before doing business in this state, as provided; every seller of travel whose registration is accepted shall be given a registration number by the Attorney General, and the seller of travel shall clearly and conspicuously display its registration number on all advertising materials offering for sale or soliciting the purchase of any air or sea transportation or travel services, as specified. (Bus. & Prof. Code, §§ 17550.20-17550.24.)
- 9) Provides that a violation of the requirements for sellers of travel is punishable as follows:
 - a) As a misdemeanor by a fine of not more than \$10,000, by imprisonment in a county jail for not more than one year, or both, for each violation.
 - b) For a violation of the provisions relating to refunds and holding passenger moneys, where money or real or personal property received or obtained by a seller of travel from any and all persons aggregates \$2,350 or more in any consecutive 12-month period, or the payment of any one passenger exceeds in the aggregate \$950 in any 12-month period, is punishable either as a misdemeanor or as a felony, as specified, by a fine of not more than \$25,000, or both, for each violation.
 - c) Intentional use of a false seller of travel registration number, with intent to defraud, by an unregistered seller of travel is punishable as a misdemeanor or felony. (Bus. & Prof. Code, § 17550.19(a)-(d).)
- 10) Requires sellers of travel to comply with specified additional provisions addressing unlawful advertising relating to incentives for visiting locations or attending sales

presentations, conditional offers of prizes or gifts, and general deceptive and unfair trade practices. (Bus. & Prof. Code, § 17550.19(d); *see also id.*, §§ 17537-17537.2.)

- 11) Provides for civil penalties and injunctive relief by a seller of travel who violates the requirements set forth in 2)-9), which may be sought in an action brought by an individual harmed by the violation or by the Attorney General, a district attorney, a county counsel, a city attorney, or a city prosecutor in the name of the people of the State of California. (Bus. & Prof. Code, §§ 17535-17536.)
- 12) Defines “deceit” as any of:
 - a) The suggestion, as a fact, of that which is not true, by one who does not believe it to be true.
 - b) The assertion, as a fact, of that which is not true, by one who has no reasonable ground for believing it to be true.
 - c) The suppression of a fact, by one who is bound to disclose it, or who gives information of other facts which are likely to mislead for want of communication of that fact.
 - d) A promise, made without any intention of performing it. (Civ. Code, § 1710.)
- 13) Establishes the Consumer Legal Remedies Act (CLRA), which is intended to protect consumers against unfair and deceptive business practices and to provide efficient and economical procedures to secure such protection. (Civ. Code, div. 3, pt. 4, tit. 1.5, §§ 1750 et seq.)
- 14) Sets forth the 28 unfair methods of competition and unfair or deceptive acts or practices prohibited under the CLRA, which include:
 - a) Passing off goods or services as those of another.
 - b) Misrepresenting the source, sponsorship, approval, or certification of goods or services.
 - c) Misrepresenting the affiliation, connection, or association with, or certification by, another.
 - d) Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have.
 - e) Representing that a transaction confers or involves rights, remedies, or obligations that it does not have or involve, or that are prohibited by law. (Civ. Code, § 1770(a).)

This bill:

- 1) Defines “travel consolidator” as an entity that purchases tickets or vouchers for air transportation from an air carrier and resells the tickets or vouchers to travel agencies or directly to passengers at a discount.

- 2) Includes travel consolidators within the definition of “sellers of travel” who must register with the Attorney General before doing business in this state and comply with other statutory requirements.
- 3) Provides that, notwithstanding any other law, if a person who purchases a ticket or voucher for air transportation is a victim of fraud by a seller of travel, the air carrier has actual knowledge of the seller of travel’s fraudulent business practice, and the person is unable to procure a refund from the seller of travel within a reasonable time, the air carrier shall refund the person; additionally, if the seller of travel is not registered under 2), the sale is voidable by the purchaser.
- 4) Defines the following for purposes of 3):
 - a) “Fraud” means an act of deceit under Civil Code section 1710 or an act proscribed under Civil Code section 1770.
 - b) “Actual knowledge of the seller of travel’s fraudulent business practice” means actual knowledge that the seller is engaged in a course of conduct that violates Civil Code section 1710 or Civil Code section 1770.

COMMENTS

1. Author’s comment

According to the author:

SB 95 is a necessary step in strengthening consumer protections against fraudulent practices in the travel industry. By requiring travel consolidators to register as sellers of travel, this bill ensures greater oversight and accountability. Additionally, it provides a crucial safety net for consumers by mandating that airlines reimburse victims of fraud when they have actual knowledge of the misconduct and the travel consolidator fails to issue a refund.

Under the current system, victims of fraudulent travel consolidators often have no recourse, losing hundreds or even thousands of dollars on tickets that were never properly booked. This bill closes that loophole by ensuring that both travel consolidators and airlines uphold their responsibilities to consumers. SB 95 not only deters fraudulent practices but also restores trust in the travel booking process.

By enacting SB 95, we take an important step toward protecting travelers from deceptive practices and ensuring that consumers are not left stranded without the refunds they rightfully deserve.

2. Travel consolidators, and travel consolidator scams

As explained by the author, legitimate travel consolidators are businesses that purchase airline tickets in bulk from an airline and resell the tickets to travel agencies or directly to consumers. The travel consolidator gets a discount on the bulk ticket purchase and passes some of the savings onto the travel agent or consumer, keeping the difference as profit.

Unfortunately, the air travel industry is also rife with scammers. One common con involves businesses that pose online as an airline or a legitimate booking site.¹ The scammer will often pay to be listed at the top of a Google search for the airline or booking company, and their website will include a phone number that is allegedly the airline or booking site's help number.² A caller, believing they are speaking to the actual airline or booking site, will provide their personal information and credit card number.³ In some cases, the scammer's goal is identity theft; having obtained the caller's private information, they will issue the caller fake ticketing documents, and the caller does not realize they have been scammed until they try to use the "ticket."⁴ In other cases, the scammer is an unscrupulous travel consolidator who sells actual tickets to the caller, but under substantially less favorable terms than the caller could have obtained from the airline or a legitimate booking site.

3. This bill requires travel consolidators to register under the Sellers of Travel law and requires air carriers to refund a traveler's ticket price when they are defrauded by a seller of travel under specified circumstances

This bill is intended to protect consumers from unscrupulous travel consolidators, and sellers of travel generally, in two ways.

First, this bill requires travel consolidators to register with the Attorney General under the Sellers of Travel law, giving the Attorney General oversight of travel consolidators' businesses and providing penalties for unregistered travel consolidators. The Senate Business, Professions and Economic Development Committee, which passed this bill with a vote of 10-0, analyzed this provision of the bill.

Second, this bill requires an airline to refund the cost of airfare purchased by a person from a seller of travel if certain conditions are met: (1) the person must be a victim of fraud committed by the seller of travel; (2) the person must have attempted to procure a refund from the seller of travel, and have been unable to do so within a reasonable time;

¹ E.g., Couch-Friedman, *This Airline Scam Is All Over Google Right Now. Here's How to Protect Yourself* (Jul. 16, 2024) Fodor's Travel, <https://www.fodors.com/news/travel-tips/fake-airline-customer-service-centers-are-everywhere-heres-how-to-avoid-this-scam>. Link current as of April 17, 2025.

² *Ibid.*

³ *Ibid.*

⁴ *Ibid.*

and (3) the airline must have actual knowledge of the seller of travel's fraudulent business practice. The bill also provides that, if the seller of travel is unregistered, the ticket sale is voidable by the purchaser.

The bill defines "fraud" to mean either deceit, as defined in the Civil Code,⁵ or one of the deceptive practices prohibited under the CLRA.⁶ The bill defines "actual knowledge of the seller's fraudulent business practice" to mean that the airline has actual knowledge that the seller of travel is engaged in a course of conduct that involves deceit or an act prohibited under the CLRA. These definitions are intended to clarify that the airline will not be liable unless it is on actual notice that a seller of travel is committing fraud in its name. As a practical matter, this may result in the scammer getting "one free scam": if the airline first learns of a seller of travel's fraud from a customer who was defrauded, the airline will not be required to refund that customer, because it did not have prior awareness of the scam. If, however, the airline does not act on that knowledge—e.g., if it does not take action to prevent the seller of travel from continuing to defraud its customers—then the airline can be required to provide refunds to any subsequent consumers defrauded by the same scam.

While the law generally does not require a business to reimburse a consumer for fraud committed by a third party, there are precedents in scenarios where the business is in a significantly better position to detect and prevent the fraud. The Electronic Fund Transfer Act (EFTA), for example, limits or eliminates a consumer's liability for unauthorized electronic transfers (e.g., when a credit card number is stolen), placing the responsibility to resolve the fraud or cover the losses on the financial institution.⁷ Under the EFTA, a consumer is not liable for the costs of any unauthorized transfer that occurs after they report the loss or theft of a credit card; if an unauthorized transfer occurs before the consumer learns of the loss or theft, the consumer's liability is capped at \$50 or \$500, depending on when the consumer notifies their financial institution.⁸ The EFTA also puts the burden of proof on the financial institution to establish that a challenged transaction was authorized by the consumer or that the consumer allowed the person who made the transaction to use their card or account number.⁹ The EFTA thus represents a policy decision that financial institutions, not consumers, are in the better position to monitor for, and absorb the losses of, third-party fraud.

4. Airline industry concerns

Although the Committee has not received any formal opposition to this bill, Airlines for America, a trade association representing several American airlines has expressed

⁵ See Civ. Code, § 1710. Civil Code section 1710 is California's blanket civil fraud statute.

⁶ See Civ. Code, § 1770(a).

⁷ 16 U.S.C. §§ 1693g, 1693h. A consumer must notify their financial institution of the unauthorized transfer in a timely manner in order to be relieved of liability. (*Id.*, § 1693g.)

⁸ *Id.*, § 1693g.

⁹ *Ibid.*.

concerns about the bill's requirement to provide refunds to victims of fraud committed by sellers of travel. Airlines for America acknowledges the problem of scammers posing as airlines online and notes that its member airlines have taken legal action against scammers in the past. They state that their anti-fraud efforts are ongoing, but argue that search engines and other online platforms should bear more responsibility for enabling the conditions in which online scammers are able to flourish. The author is continuing to work with Airlines for America on possible amendments.

SUPPORT

None received

OPPOSITION

None received

RELATED LEGISLATION

Pending legislation: None known.

Prior legislation: None known.

PRIOR VOTES:

Senate Business, Professions and Economic Development Committee (Ayes 10, Noes 1)
