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From: "ron kurtz" <mrgkurtz@gate.net>
To: "Bryant VanBrakle" <secretary@fmc.gov>
Date: 6/20/03 11:20AM
Subject: The Cruise Bond Controversy...

.might be easier to resolve if viewed from the simple perspective of why protection is needed for the consumer, who is making an interest free loan to the cruise lines that use the funds for working capital and as security for an onerous cancellation penalty that can be imposed on the consumer.

Having been an executive with several cruise lines, I know the consumer's funds have been at risk because they were used as working capital to try to keep a company out of bankruptcy. The balance sheets of the cruise lines illustrate this, as current assets are usually far less than current liabilities and cash on hand is less than the contingent liability represented by consumer deposits/pre-payments

Hotels, airlines, and other service providers do not have the large pre-payment and cancellation penalties imposed by the cruise lines. The cruise lines implement such pre-payment/cancellation policies at their own discretion.

If the cruise lines want such large pre-payments before providing their service, they should be willing to pay the cost of protecting the funds. If they don't want to incur the cost of protecting the security of the funds, they can reduce their pre-payment requirements.

From the above, it should be clear that the FMC bond requirements should apply to all cruises sold to US residents regardless of the port of embarkation/debarkation. At the same time, there seems to be no strong rationale for making credit card companies incur the expense of refunding the lost deposits of their clients.

Best regards,

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