



Tour Operator Application
For
Active Membership
In the
United States Tour Operators Association

United States Tour Operators Association
275 Madison Avenue, Suite 2014
New York, NY 10016
212-599-6599; FAX 212-599-6744
www.ustoa.com
information@ustoa.com

TABLE OF CONTENTS

I. USTOA Fact Sheet.....	page 3
II. Membership Requirements	pages 4 - 5
III. Application for Active Membership	pages 6 - 16
IV. Consent form for investigation of statements	page 17
V. SAMPLE Consent Form	page 18
VI. Travelers Assistance Program.....	pages 19 - 20
VII. SAMPLE Letter of Credit	page 21

For a complete listing of the Active Members of USTOA please visit www.ustoa.com

I. USTOA FACT SHEET

WHAT IS USTOA?

The United States Tour Operators Association is a national organization of wholesale tour operators in the United States

WHEN WAS USTOA WAS FOUNDED: 1972

WHAT IS A TOUR OPERATOR?

An entity whose primary purposes are to plan, arrange and market tour packages to variety of domestic and/or worldwide destinations. The cost of such packages includes the use of transportation by air or land, ground arrangements such as hotels, restaurants, local guides and other related services.

OFFICES:

275 Madison Avenue, Suite 2014, New York, NY 10016

Telephone: 212.599.6599

E-Mail: information@USTOA.com

Fax: 212.599.6744

Website: www.USTOA.com

USTOA GOALS:

- Inform the travel industry, government agencies and the public about tour operators' activities and objectives.
- Maintain a Travelers Assistance Program.
- Educate consumers on matters pertaining to tour packages.
- Maintain a high level of professionalism within the tour operator industry
- Represent the tour operator community, cooperating with other trade organizations and government agencies.
- Facilitate and develop travel on a worldwide basis.

USTOA PRINCIPLES:

- USTOA Active Members pledge to adhere to the following principles:
- Ethical Conduct:
- Members must conduct business with competence and professionalism, representing truthfully and accurately all facts, conditions and requirements relating to tours and travel packages.
- Truth In Advertising:
- Advertising and quoting of prices must clearly show total deliverable prices, accurately identifying facilities, accommodations and services used. Any changes or substitutions must be communicated expeditiously to the travel agent and/or client involved.
- Ethical and Financial Responsibility:
- Active members' business conduct must instill confidence in their financial stability, reliability and integrity.

USTOA TOTAL MEMBERSHIP (as of 6/1/2009) 745

MEMBERSHIP CATEGORIES:

Active: 48

Associate: 253

Allied: 446

II. MEMBERSHIP REQUIREMENTS:

Active

- Must meet the definition of tour operator (see page 3). In addition, they must have 18 references from a variety of reputable travel industry organizations.
- Must be in business at least three years under same ownership and/or management.
- Must meet specific minimums in terms of passengers and/or dollar tour volume.
- Must carry minimum \$1,000,000 professional Travel Agent/Tour Operator liability insurance, with worldwide coverage.
- Must participate in the USTOA's Travelers Assistance Program by posting \$1 Million in the form of a letter of credit, for use in reimbursing consumer deposits in case of a USTOA member bankruptcy, insolvency or cessation of business.

Associate

Organizations, common carriers and suppliers of tour products and services, other entities connected with travel not directly serving travelers on tour itineraries.

Allied

Carriers (other than common carriers) and suppliers whose products or services bring them into contact with travelers on tour itineraries; also trade press; media; public relations representatives, and advertising agencies.

Summary of Requirements & Procedures for Active Membership in USTOA

Qualifications: To qualify for Active Membership, a tour operator must:

- Have been engaged in business as a wholesale tour operator in the United States for not less than three years under the same ownership or management.
- Operate tours totaling a minimum of 7,500 passengers a year **or** \$7,500,000 **land tour** volume per year (*packaged and operated by such Tour Operator and cannot be purchased from another U.S. tour operator or tour packaging enterprise and shall not include revenue from consolidation or cruise line operations. The Membership Committee may request confirmation of the land tour volume by an independent certified public accounting firm where it deems necessary or appropriate*).

ALL OR A SUBSTANTIAL PORTION OF THE COMPANY'S PRODUCT MUST BE INCLUSIVE TOURS OR PACKAGES.

Travelers Assistance Program:

Active Members are required to participate in the USTOA \$1 Million Travelers Assistance Program, which consists of furnishing an individual letter of credit for \$1,000,000.

The USTOA approved form for letter of credit, (see sample on page 21) must name the USTOA Tour Depositors Trust as the obligee, so that, in the event of a member's bankruptcy or insolvency or cessation of business or failure to refund deposits for cancelled tours, funds will be available to the Trust for reimbursing that Member's tour purchasers and depositors and must cover all brands¹ and affiliates that participate in the Program. The \$1,000,000 minimum is required irrespective of, and is in excess to, any other such protection, whether by bond, escrow fund,

¹ "Brand" means a group or line of tours/packages and other travel products and services operated under a common trade name or other identification, which is owned, directly or indirectly or managed and sold by an Active Member or a separate division of said Active Member or a subsidiary entity or other affiliate controlled by such Active Member."

insurance or other suretyship, and whether voluntarily maintained or required by government, carrier conference, trade association or other entity.

TOUR OPERATORS PROFESSIONAL LIABILITY INSURANCE:

Each member must file with USTOA a Certificate of Insurance for Travel Agents/Tour Operators professional Liability Insurance. This Certificate must be issued by an insurance company:

- Listed in Best's Insurance Reports, Fire and Casualty, as published by A. M. Best Co., Oldwich, New Jersey, with policyholder's service rating of either A or A+
- Licensed to transact business in all 50 States and the District of Columbia
- The Certificate must contain a 30-day prior notice of cancellation clause.
- Coverage must be written on a worldwide basis.
- Coverage must be in an amount not less than \$1,000,000 Combined Single Limit.
- Coverage must extend to protect retail travel agents for claims arising out of the sale of the tour product.

DUES:

1. Active Member's annual dues are paid upon the basis of its combined tour business volume including all Brands for which the logo is used;

Number of Passengers	Annual Dues
7,500..... 10,000	\$1,150.00
10,001..... 25,000	2,300.00
25,001..... 50,000	3,450.00
50,001..... 100,000	4,600.00
Over..... 100,000	5,750.00

ASSESSMENTS:

Currently there is one assessment for \$2,000 for public relations and advertising, and a \$500 voluntary contribution to the Tourism Cares. For information on Tourism Cares visit www.tourismcares.org.

MEMBERSHIP APPLICATION:

Procedures for applying for Active Membership in USTOA include:

1. Submission of a completed membership application form
2. Payment of \$5,000 (\$2,500 will be refunded should application not be accepted)
3. Designation of two current USTOA Active Members who have agreed to sponsor the applicant
4. Submission of the prescribed list of 18 companies including addresses and contacts, which the applicant **authorizes USTOA to contact** for business and financial references. This list to include:
 - Six (6) Retail Agents (if you sell through travel agents)
 - Two (2) Airlines
 - Five (5) Hotels
 - One (1) Surface Transport Company or similar ground service supplier
 - Two (2) Financial Institutions
 - Two (2) USTOA Active Members

III. APPLICATION FORM FOR ACTIVE MEMBERSHIP IN USTOA

Please print or type:

Company Name: _____
(The business name that will issue the security)

Primary USTOA Contact: _____

Title: _____

Address: _____

City: _____

State/Zip _____

Primary contact's direct telephone number: _____

Primary contact's direct fax number: _____

Primary contact's direct email address: _____

Company's Email address: _____

Company's Website address: _____

Additional Contacts:

Administrative Assistant Contact/Title: _____

Administrative Assistant direct telephone number: _____

Administrative Assistant direct fax number: _____

Administrative Assistant email address: _____

Security Contact/Title: _____

Security Contact direct telephone number: _____

Security Contact direct fax number: _____

Security Contact email address: _____

Marketing Contact/Title: _____

Marketing Contact direct telephone number: _____

Marketing Contact direct fax number: _____

Marketing Contact direct email address: _____

Does your company do business under any other names that will use the USTOA logo?
 Yes No
 If yes, please list the Brand names below: (Branding Fee may apply)

Owners and Officer:

Name	Title

- I) Is the Firm
 a) Proprietorship
 b) Partnership
 c) Corporation

II) Date _____ and place established: _____

III) Is the firm totally independent of any government ownership or carrier ownership or control:
 Yes No

If Yes, please explain: _____

IV) How long has the company been under the present ownership: _____

V) How long has the present management been in control: _____

- VI) Does the firm operate tours totaling
 a) a minimum of 7,500 passengers per year or Yes No
 b) \$7.5 million in land tour volume per year: Yes No

- VII) Is the above minimum land tour volume
 a) packaged and operated by your company Yes No
 b) subcontracted from another U.S land operator: Yes No

VIII) For what destinations does the firm produce tour literature:

IX) Do you work directly with consumers? Yes No

X) Has the applicant or any principal owner or officer, ever been found guilty of any violation of the criminal laws, either

a) local Yes No

b) state Yes No

c) Federal? Yes No

d) If Yes, please explain: _____

XI) Has the applicant, principal, owner or officer, ever filed a voluntary petition in bankruptcy or had an involuntary petition in bankruptcy filed against him/it; or ever been defendant in any legal action involving fraud, non-payment of debts or other financial claims?

Yes No

If Yes, please explain: _____

XII) Is the applicant, or any principal owner or officer presently involved in any legal action of pending claims or complaints (other than routine claims in process of being resolved for partial or total tour price refund)

Yes No

If Yes, please explain: _____

XIII) To what extent, if any are there any unresolved claims or complaints pending against applicant by suppliers, client or customers.

If Yes, please explain: _____

XIV) Has the applicant or any affiliate of the applicant or any principal owner or officer of the applicant or an affiliate been subject to any bankruptcy, reorganization or insolvency proceeding within the last three (3) years?

Yes No

If Yes, please explain: _____

XV) If the answer to the Item XIV above is Yes, have the claims of all consumers, agents and suppliers who suffered losses in the proceeding been satisfied in full?

[] Yes [] No

If Yes, please explain how the losses were satisfied in full:

XVI) Does the firm currently hold Conference appointments from:

IATAN [] ARC []

XVII) What other associations do you belong to:

ABA [] ACTA [] ARTA [] ASTA [] ASTA-TOP []

CLIA [] IATA [] NTA [] PATA []

OTHER: _____

XVIII) Airline affiliations: _____

XIX) What type of financial assurances or arrangements does the firm have for purposes of safeguarding travelers' payments for tours.

a) _____

b) If bonded, state date, type and amount of bond. _____

XX) How many land passengers did you carry:

Last year	Current year	Number of passengers		
		7,500	to	10,000
		10,001	to	25,000
		25,001	to	50,000
		50,001	to	100,000
		Over 100,000		

XXI) Number of present employees:

Full time

Part Time

a) Total Company

b) Principally engaged in tour wholesaling:

XXII) Net Worth:

- a) Does applicant publish financial statement: Yes No
If Yes, please supply most recent copy
- b) Has the company's Net Worth been published Yes No
If yes, indicate amount \$ _____ and date: _____

References:

You may either complete the listing below or submit the names and addresses on a separate sheet.

USTOA will then contact each of these references.

Six or more Conference appointed retail agents (if your tours are sold by travel agents) with whom the applicant transacts substantial volume of tour business:

1. Agency Name: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

2. Agency Name: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

3. Agency Name: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

4. Agency Name: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

5. Agency Name: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

6. Agency Name: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

Two or three airlines from which fiscal and ethical recommendations can be supplied by a regional (or area) vice president endorsed by a corporate officer, covering five years business or at least three years if not in business for five years.

7. Airline: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

8. Airline: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

Five or more hotels covering three years' business, information to concern applicant's fiscal and ethical business practices and to show approximate volume.

9. Hotel: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

10. Hotel: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

11. Hotel: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

12. Hotel: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

13. Hotel: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

One or more surface transportation company(ies) or similar ground service supplier(s).

14. Company Name: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

15. Company Name: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

Two Financial institutions, one of which is applicant's principal commercial bank, information to include years of relationship:

16. Financial Institution: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

17. Financial Institution: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

Two names of a principal officers of two USTOA Active members who will sponsor your application for Membership

18. USTOA Active Member: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

19. USTOA Active Member: _____

Contact: _____

Email: _____

Address: _____

City _____

State _____

Zip _____

Country _____

Telephone: _____

Fax: _____

It is also required that a check made payable to the order of the "UNITED STATES TOUR OPERATORS ASSOCIATION, in the amount of \$5,000, accompany the completed application.

IV. CONSENT FORM FOR INVESTIGATION OF STATEMENTS

According to Subparagraph E of Article XIV of USTOA's "Rules and Regulations"

In the event the approved applicant fails to comply with all financial Security Requirement s and other requirements of membership within sixty (60) days after the date, applications notified of its approval, the applicant's approval shall thereupon automatically be rescinded and of not further reflect, no refund of the applicants application fee shall be made and if the applicant desires membership thereafter, a new application, along with a new application fee will be required."

I, _____
authorize an investigation of all statements contained in this application, all of which are accurate and complete to the best of my knowledge.

I understand the misrepresentation or omission of facts may be considered cause for denial or cancellation of membership.

I agree to abide by the USTOA Principles of Professional Conduct and Ethics and will accept their terms without reservation.

I agreed to advise USTOA's Executive Office of any changes of control, firm name, location of business Conference approval, or other pertinent matter.

The Applicant represents and warrants that it is familiar with the USTOA By-laws and Rules and Regulations, including exhibits hereto, and agrees to comply with said By-laws and Rules and Regulations in all respects. By applying for membership and executing this application, the Applicant authorizes USTOA to announce and give notice to the travel industry and the public of its application for membership and of any rejection, termination or suspension, for any reason, of its membership in USTOA. The applicant understands and accepts that in the event of the rejection, termination or suspension, for any reason, of its membership in USTOA an announcement and notice thereof shall be communicated to the travel industry and the public by USTOA. Applicant hereby waives and releases any claims that might accrue to it against USTOA, its members, directors, officers and agents on account of any rejection, termination or suspension of membership in USTOA, for any reason, or any announcement or notice thereof and agrees and consents not to sue USTOA, its members, directors, officers or agents or commence any proceeding against any of them in connection with or relating to any rejection, termination or suspension of membership in USTOA or any announcement or notice thereof.

Signature of applicant

Title

Date

V. SAMPLE CONSENT FORM

To be completed upon notification of membership

Consent and Acknowledgement

The undersigned Active Member of USTOA, as a prerequisite to the acceptance of its membership by USTOA and to induce USTOA to accept it as an Active Member, hereby consents to the subject to and agrees to comply with the USTOA Bylaws, Rules and Regulations and Principles of Professional Conduct and Ethics, as they may be amended from time to time. The undersigned further agrees that all claims, disputes, cases, controversies and litigation involving USTOA or arising in connection with the undersigned's membership in USTOA shall be governed by the laws of the State of _____ without regard to applicable conflict of laws principles and shall be adjudicated exclusively in the courts of the State of _____, federal and state. The parties hereto agree to submit to the jurisdiction of the courts of the State of _____, federal and state, and delivery process by certified or registered mail, return receipt requested, shall be deemed sufficient service of process.

Signature

Company

Date

VI. USTOA's TRAVELERS ASSISTANCE PROGRAM

Background Information

Since April 1, 1976 the Active Members (Tour Wholesalers) of the United States Tour Operators Association have maintained a Travelers Assistance Program. As an initial interim step it took the form of a special fund established by cash contributions from each Member. After June, 1976, optional individual bonding arrangements providing equivalent protection for a Member's own clients and customers were permitted and transition in to a complete plan of individual bonding to replace the special fund was commenced in late 1997.

Active Members are required to maintain individual irrevocable bank letters of credit in the amount of One Million Dollars (\$1,000,000.00).

Purpose of Program

USTOA, from its inception, has reflected the seriousness with which its membership regards financial responsibility and reliability as essential in wholesale tour operations. Originally, the joint fund and now the every-member irrevocable bank letters of credit have the effect of establishing financial resources exclusively for protecting retail agents and clients from loss of tour deposits and payments in event of financial failure of an Active Member or its Brands of USTOA. The effect of the program also emphasizes to every eligible Tour Wholesaler, which desire to gain or retain membership in USTOA, necessity for maintaining its own financial soundness and not causing financial embarrassment to itself, to USTOA or to the travel industry.

Requirement and Procedures

The USTOA approved form of irrevocable bank letters of credit names the USTOA "Tour Depositors Trust" as the obligee so that, in the event of a Member's bankruptcy or insolvency or cessation of business or failure to refund deposits for cancelled tours, funds will be available to the Trust, for reimbursing that Member's tour purchasers and depositors and must cover all brands and affiliates that participate in the plan. The One Million Dollar (\$1,000,000.00) minimum is required irrespective of, and in excess to, any other such protection, whether by bond escrow fund, insurance or other suretyship and whether voluntarily maintained or required by government, carrier conference, trade association or other entity.

Travel Agents/Tour Operators Professional Liability Insurance Requirements

Each Active Tour Operator Member must file with USTOA a Certificate of Insurance for Travel Agents/Tour Operators Professional Liability Insurance.

1. This Certificate must be issued by an insurance company
 - (a) Listed in Best's Insurance Reports, Fire and Casualty, as published by A.M. Best Co., Oldwick New Jersey, which a policyholder's service rating of either "A" or "A+".
 - (b) Licensed to transact business in all 50 states and the District of Columbia.
2. This Certificate must contain a 60-day prior notice of cancellation clause.
3. Coverage must be written worldwide basis.
4. Coverage must be in an amount not less than One Million Dollars (\$1,000,000.00) Combined Singles Unit.

5. Coverage must extend to protect retain travel agents for claims arising out of the sale of the tour product.

Letters of Credit

- I. Letter of Credit
 - A. The Letter of Credit must be executed in an amount of not less than One Million Dollars (\$1,000,000.00).
 - B. The Letter of Credit must be irrevocable and must name the United States Tour Operators Association Tour Depositor's Trust as the beneficiary.
 - C. The text of the Letter of Credit must include the wording in items 1, 2, 3, and 4 of the attached sample Letter of Credit.

VII. SAMPLE LETTER OF CREDIT

To be submitted upon completion of approved membership notification

Date:

United States Tour Operators Association
275 Madison Avenue, Suite 2014
New York, NY 10016

Gentlemen:

By order of (name of prospective member) and affiliates we hereby open in your favor our Irrevocable _____ Credit No. _____ for US \$ _____, effective as of _____ 20____. Funds shall be available by your drafts on us presented at our main office, _____ and drawn on _____ the following conditions:

1. There shall have been delivered to us a written Certification under oath by an authorized representative of United States Tour Operators Association ("USTOA")
 - (a) (i) The Certification must state that (name of prospective member) or an affiliate has not refunded tour deposits of their clients and that the non-payment of the refunds due is a result of (name of prospective member) or affiliate bankruptcy, insolvency, cessation of business or failure to refund consumers' deposits or payments within 120 days of cancellation or material failure by (name of prospective member) or an affiliate to complete performance of a tour or tours and \$ _____ is now due USTOA; or
 - (ii) The Certification must state that (name of prospective member) or an affiliate has failed to replace this credit no later than sixty (60) days prior to its expiration and \$ _____ is now due USTOA.
 2. The Certification must also state that the funds drawn under this credit will be applied exclusively for protection against Consumer Losses, as defined in the USTOA Travelers Assistance Program.
 - (a) For the purposes of this letter of credit and the certification, (name of prospective member) shall include its subsidiaries and affiliated companies and brands thereof that participate in the USTOA Travelers Assistance Program.
 - (i) The amount of any draft shall not exceed the amount which you certify, in accordance with paragraph (1) first above, to be due and owing to you as of the date of such Certification. Partial draws shall be permitted.
- Notwithstanding compliance with paragraph (1) above, drafts shall be drawn not later than _____ p.m., E.S.T. _____
- (ii) Each draft must be marked "Drawn under _____ Letter of Credit No. _____, dated _____, 20____" and the amount endorsed below or on the reverse hereof.

We hereby agree with the drawers, endorses and holders in due course of drafts drawn under and in compliance with the terms of this credit, that such drafts shall be duly honored upon presentation.

This credit herein provided is irrevocable and shall terminate at: _____ E.S.T. _____, 20____.
(12 months after issuance)

This Letter of Credit is governed by the Uniform Commercial Code in force on the date hereof in the State of New York.

Kindly address any inquiries or correspondence regarding this Letter of Credit to our _____, _____ and made reference to our Credit No. _____.

Very truly yours,
Authorized signature