



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

United States Tour Operators Association  
345 Seventh Avenue, Suite 1801  
New York, NY 10001  
212-599-6599; FAX 212-599-6744  
[www.ustoa.com](http://www.ustoa.com)  
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For a complete listing of the Active Members of USTOA please visit [www.ustoa.com](http://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 FOUNDED?:** 1972

### **WHAT IS A TOUR OPERATOR?**

“Tour Operator” means an entity, all or a substantial portion of whose business regularly and customarily consists of planning, arranging, marketing and selling land tours/packages which combine transportation by air or surface with land arrangements for which accommodations and related services and reservations are secured and coordinated by such entity and promoted by such entity through literature, websites and/or other media.

### **EXECUTIVE OFFICE:**

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### **USTOA GOALS:**

- Inform the travel industry, government agencies and the public about tour operators' activities and objectives.
- The pillars creating our foundation include: educate, innovate and dialog.
- 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.

## 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 carry minimum \$1,000,000 professional Travel Agent/Tour Operator liability insurance, with worldwide coverage.
- Must participate in the USTOA Travelers Assistance Program by posting \$1 Million in the form of a letter of credit, bond or U.S. Treasury Bill, for use in reimbursing consumer deposits in case of bankruptcy, insolvency or cessation of business.

### Associate

- Organizations, suppliers of tour products and services, whose products or services bring them into contact with travelers on tour itineraries

### **Summary of Requirements & Procedures for Active Membership in USTOA**

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

- be formed, or have qualified to do business, as a wholesale Tour Operator under the laws of one or more State(s) within the United States and have actively conducted business as a wholesale Tour Operator for not less than three (3) years with at least the last twenty-four (24) months thereof being conducted in one or more State(s) within the United States and shall continue at all times during membership to actively conduct business as a wholesale Tour Operator in one or more said States; and
- have operated their company as a wholesale Tour Operator under the same ownership and/or membership for not less than three (3) years, except that the same ownership and/or management for at least three (3) years shall not be required for commencement or continuation of Active Membership of a Tour Operator, ownership of which is acquired by another Active Member in good standing. The three (3) year continuity otherwise required shall be deemed no longer to be fulfilled (i) as regards ownership, if a transfer of ownership interests or part thereof of an Active Member Tour Operator is of sufficient magnitude as to place a new or different owner or owners in position to exercise effective control of such Tour Operator or (ii) as regards management, if change or changes in personnel in position(s) of management of an Active Member Tour Operator is (are) of sufficient consequence as to substantially transfer overall power(s) of management control to new or different management personnel, and
- Are not primarily engaged in (a) providing accommodations, such as owners or operators of hotels or resorts or (b) providing travel arrangements for inbound visitors to the United States.

**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, bond or U.S. Treasury Bill for \$1,000,000.

The USTOA approved form for letter of credit, bond or U.S. Treasury Bill, (see samples on pages 21-27) shall name the "United States Tour Operators Association Inc. Tour Depositors Trust" as 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 Program. The \$1,000,000 minimum is required irrespective of, and is 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.

**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 annual dues (calendar year) are paid upon the basis of its combined tour business volume including all Brands for which the USTOA Active Member logo is used;

<b>Number of Passengers</b>	<b>Annual Dues</b>
Up to..... 10,000	\$4,800
10,001..... 50,000	\$8,100
Over..... 50,000	\$13,800

2. **Brand Fees:** A \$1,250 Branding Fee applies for each brand. The Member may list one brand without charge. The Brands will be listed on the USTOA website and should be included in the security provided by the Member. A "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 predominately managed, operated and/or sold by an Active Member or a separate division of said Active Member or a subsidiary entity or other affiliate

## Assessments:

Currently there is a \$700 voluntary contribution to the Tourism Cares. For information on Tourism Cares visit [www.tourismcares.org](http://www.tourismcares.org).

## Membership Application Procedures:

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

## Active Member Application Timeline

- |        |   |
|--------|---|
| Step 1 | Applicant reviews and submits application with a list of 18 company references and \$5,000 application fee (\$2,500 is refundable should the application not be accepted or if the applicant withdraws from the application process).   |
| Step 2 | USTOA processes the application and communicates with sponsors indicated and corresponds with references listed by applicant. Checking these references takes about 2 weeks.  |
| Step 3 | USTOA presents application to the Membership Committee who then makes their recommendation to the Board of Directors for approval.  |
| Step 4 | USTOA notifies applicant of the Board of Directors' decision.   |
| Step 5 | Upon acceptance of application the applicant is advised to obtain the \$1 Million security in the form of a Letter of Credit, bond or U.S. Treasury Bill. In the event the approved applicant fails to comply with all financial Security Requirements 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 applicant's application fee shall be made and if the applicant desires membership thereafter, a new application, along with a new application fee will be required." |

Step 6            Upon receipt of security USTOA advises the Board of Directors and an acceptance letter is sent to applicant along with an invoice for your appropriate Membership Dues for the current year. USTOA releases a press release to the trade and consumer press announcing the new Active Member.

The average timeline for the application approval process is about 2-3 weeks.

**III. APPLICATION FORM FOR ACTIVE MEMBERSHIP IN USTOA**

Please print or type:

Company Name: \_\_\_\_\_

(The business name that will issue the security)

Company's Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Company's Main Phone Number: \_\_\_\_\_

Company's Email address: \_\_\_\_\_

Company's Website address: \_\_\_\_\_

Primary USTOA Contact: \_\_\_\_\_

Job Title: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Primary contact's direct telephone number: \_\_\_\_\_

Primary contact's email address: \_\_\_\_\_

**Additional Contacts:**

Administrative Assistant Contact: \_\_\_\_\_

Administrative Assistant Job Title: \_\_\_\_\_

Administrative Assistant direct telephone number: \_\_\_\_\_

Administrative Assistant email address: \_\_\_\_\_

Financial Director/Officer Contact: \_\_\_\_\_

Financial Director/Officer Job Title: \_\_\_\_\_

Financial Director/Officer Contact direct telephone number: \_\_\_\_\_

Financial Director/Officer Contact email address: \_\_\_\_\_

Marketing Contact: \_\_\_\_\_

Marketing Job Title: \_\_\_\_\_

Marketing Contact direct telephone number: \_\_\_\_\_

Marketing Contact email address: \_\_\_\_\_



Public Relations Contact: \_\_\_\_\_

Public Relations Job Title: \_\_\_\_\_

Public Relations Contact direct telephone number: \_\_\_\_\_

Public Relations Contact 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)

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Owners and Officer:

Name	Title

I) Is the Firm

- a) Proprietorship [ ]
- b) Partnership [ ]
- c) Corporation [ ]

II) Date \_\_\_\_\_ and place established: \_\_\_\_\_

III) What date did the company commence Tour Operator operations in the U.S.?  
\_\_\_\_\_

IV) Has the company continuously conducted business as a tour operator for the last 36 months?  
[ ] Yes  
[ ] No

V) Has the company continuously conducted business as a tour operator in the United States for the last 24 months?

[ ] Yes [ ] No

VI) Is the firm totally independent of any government ownership or carrier ownership or control:

[ ] Yes [ ] No

If No, please explain:

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VII) How long has the company been under the present ownership: \_\_\_\_\_

VIII) How long has the present management been in control: \_\_\_\_\_

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

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X) Do you work directly with consumers?  Yes  No

XI) Do you work with travel agents?  Yes  No

XII) 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: \_\_\_\_\_

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XIII) 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:

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XIV) 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:

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

If Yes, please explain:

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XVI) 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:

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XVII) If the answer to the Item XII 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:

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XVIII) 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. \_\_\_\_\_

XIX) How many land passengers did your company (including Brands) carry:

Last year	Current year	Number of passengers	
		Up to	10,000
		10,001 to	50,000
		Over	50,001

XX) Number of present employees: Full time Part Time

a) Total Company \_\_\_\_\_

b) Principally engaged in tour wholesaling: \_\_\_\_\_

XXI) 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: \_\_\_\_\_

**Acknowledgment:**

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 of membership.

\_\_\_\_\_  
Applicant's Primary Contact's Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
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 Company Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**2. Agency Company Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**3. Agency Company Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**4. Agency Company Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**5. Agency Company Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**6. Agency Company Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**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 Company Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**8. Airline Company Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**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 Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**10. Hotel Name:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**11. Hotel Name:** \_\_\_\_\_  
Contact: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip, Country \_\_\_\_\_

**12. Hotel Name:** \_\_\_\_\_  
Contact: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip, Country \_\_\_\_\_

**13. Hotel Name:** \_\_\_\_\_  
Contact: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip, Country \_\_\_\_\_

**One or more GROUND TRANSPORTATION** company(ies) or similar ground service supplier(s).

**14. Company Name:** \_\_\_\_\_  
Contact: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip, Country \_\_\_\_\_

**15. Company Name:** \_\_\_\_\_  
Contact: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip, Country \_\_\_\_\_

**Two FINANCIAL INSTITUTIONS**, one of which is applicant's principal commercial bank, information to include years of relationship:

**16. Financial Institution:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**17. Financial Institution:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip, Country \_\_\_\_\_

**Two** names of a principal officers of two **USTOA ACTIVE MEMBERS** who will sponsor your application for Membership

**18. USTOA Active Member:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip \_\_\_\_\_

**19. USTOA Active Member:** \_\_\_\_\_

Contact: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip \_\_\_\_\_

**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**

**To be completed upon notification of membership**

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. 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 be 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 New York without regard to applicable conflict of laws principles and shall be adjudicated exclusively in the courts of the State of New York, federal and state. The parties hereto agree to submit to the jurisdiction of the courts of the State of New York, 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 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 letter of credit, bond or U.S. Treasury Bill 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 letter of credit, bond, or U.S. Treasury Bill 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 letter of credit, bond or U.S. Treasury Bill names the "United States Tour Operators Association Inc. Tour Depositors Trust" as the obligee, beneficiary or owner, as the case may be, so that, in the event of 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.

### **Letter of Credit, Bond or U.S. Treasury Bill**

#### **I. Letter of Credit**

- A. The Letter of Credit must be 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 (see Section VII).

#### **II. U.S. Treasury Bill**

- A. The U.S. Treasury Bill must be in an amount of not less than One Million Dollars (\$1,000,000.00).
- B. The U.S. Treasury Bill will be held by the USTOA Tour Depositors Trust.
- C. The Member must deliver the Letter Agreement (see Section VIII).

#### **III. Bond**

- D. The Bond must be in an amount of not less than One Million Dollars (\$1,000,000.00).
- E. The Bond will be held by the USTOA Tour Depositors Trust.
- F. The Member must deliver the Letter Agreement (see Section IX).

**VII. SAMPLE LETTER OF CREDIT**

**To be submitted upon completion of approved membership notification on financial institution's letterhead.**

Date:

United States Tour Operators Association Inc. Tour Depositors Trust  
345 Seventh Avenue, Suite 1801  
New York, NY 10001

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,

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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 Inc. Tour Depositors Trust ("TRUST")
    - (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 TRUST; 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 TRUST.
  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

**VIII. SAMPLE TREASURY BILL OPTION**

**To be printed on Member's Letterhead**

DATE

United States Tour Operators Association, Inc.  
Tour Depositors Trust  
c/o United States Tour Operators Association, Inc.  
345 Seventh Avenue, Suite 1801  
New York, New York 10001

Attn: Mr. Terry Dale, USTOA President

Re: Travelers Assistance Program  
\$1,000,000 Security

Dear Mr. Dale,

In connection with the USTOA One Million Dollar Travelers Assistance Program (the "Plan"), \_\_\_\_\_ (the "Member") has delivered to the United States Tour Operators Association, Inc. Tour Depositors Trust (the "Trust") the sum of \$1,000,000 which sum the Trust will apply to the purchase of a United States Treasury Bill (the "Security") to be held as Plan Security in the name of the Trust and applied by the Trust to pay Consumer Losses in accordance with the Plan. Member hereby agrees and covenants that in the event the fair market value of the Security falls below \$1,000,000 the Member shall upon request deposit additional sums with the Trust so that the Security which the Member has on deposit with the Trust has a fair market value equal to \$1,000,000. Member acknowledges that the Trust intends to purchase a United States Treasury Bill maturing in ninety (90) days and upon maturity purchase another United States Treasury Bill maturing in ninety (90) days and so on. Terms not defined herein shall have the meaning assigned to them by the Plan.

In the event Member terminates its membership in USTOA or its membership in USTOA is otherwise terminated for any reason, the Trust shall continue to hold the Security, or the proceeds thereof if the Security has matured, until all consumers who had deposits on hand with the Member or its affiliates covered by the Plan for future travel on the date the Member's membership in USTOA terminated have completed said travel. In the event any Consumer Losses occur during such period the Security, or the proceeds thereof, shall be applied to pay said Consumer Losses and after such payment, the balance, if any, of the Security shall be returned to Member.

Interest on the Security, to the extent paid to the Trust, shall be held by the Trust and, after deducting transaction costs, returned to the Member annually or, if earlier, upon the release of the Security after termination of the Member's membership. Notwithstanding the above, in the event Consumer Losses occur, such interest shall be applied to pay Consumer Losses.

Member agrees and understands that the Trust shall not be liable or responsible for any loss in the Security or for any diminution in value thereof by reason of any act or

omission of the Trust, its Trustees, agents or representatives, except to the extent that such loss results directly from the Trust's gross negligence or willful misconduct.

Member shall pay all reasonable expenses of the Trust incurred in connection with the Security and any matters herein. Member shall indemnify and hold the Trust, its Trustees, agents and representatives (the "Indemnified Parties") harmless from and against any loss, cost or damage ( including, without limitation, reasonable attorneys' fees and disbursements) incurred by Indemnified Parties in connection with the transactions contemplated herein, except to the extent that such loss or damage results from gross negligence or willful misconduct of the Trust.

Very truly yours,  
Member

By: \_\_\_\_\_



**IX. SAMPLE INDEMNITY BOND**

**To be submitted upon completion of approved membership notification on financial institution's letterhead.**

KNOW ALL MEN BY THESE PRESENTS, THAT WE

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located at: \_\_\_\_\_

in the City of: \_\_\_\_\_, in the State of \_\_\_\_\_

as PRINCIPAL (hereinafter collectively called Principal), and

(including all brands and affiliates covered by USTOA's Travelers Assistance Program)

---

(Name of Surety)

located at: \_\_\_\_\_

in the City of: \_\_\_\_\_, in the state of \_\_\_\_\_

a corporation created and existing under the laws of the State of: \_\_\_\_\_

as SURETY (hereinafter called Surety) are held and firmly bound unto the United States Tour Operators Association Inc. Tour Depositors Trust (hereinafter called OBLIGEE) in the amount of One Million Dollars (\$1,000,000.00) for which payment, well and truly to be made, we bind ourselves and our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, by resolution United States Tour Operators Association, Inc. has created United States Tour Operators Association Inc. Tour Depositors Trust (Obligee) to administer the USTOA \$1,000,000 (One Million Dollars) Travelers Assistance Program (The Plan) and to act for and on behalf of clients of the above-named Principal in the event said clients of the Principal shall sustain financial loss as the result of inter alia, bankruptcy or insolvency of the Principal and;

WHEREAS, pursuant to the Plan all new Active Members, and effective September 1, 1993, all present Active Members, shall be required to maintain a bond of not less than One-Million Dollars (\$1,000,000) in favor of the Obligee for the exclusive protection of clients of the Principal against financial loss resulting from the Principal's failure or inability to refund tour payments due to, inter alia, the Principal's bankruptcy or insolvency and;

WHEREAS, the Principal is or intends to become an Active Member and desires to comply with said resolution by furnishing bond.

NOW THEREFORE, the condition of this obligation is such that if the Principal shall refund or cause to be refunded all tour payments and deposits for which its customers are due by contract or at law, then this obligation to be void; otherwise to remain in full force and effect; subject to the following stipulations, terms and conditions.

- 1) Recoverable claims are claims by Obligee for Consumer Losses, as determined under the United States Tour Operators Association, Inc. \$1,000,000 Travelers Assistance

Program, as may be amended from time to time (the "Plan), and shall exist under this bond (i) upon Principal's bankruptcy, insolvency or cessation of business, or (ii) upon Principal's failure to refund consumers' deposits or payments within 120 days of cancellation or material failure by the Principal to complete performance of a tour or tours. Principal shall include the named Principal and any of its affiliates covered under the Plan.

- 2) The effective date of the bond shall be
- 3) Regardless of the number of years this bond shall continue in force, the liability of the Principal and Surety shall not be cumulative and shall be limited to the amount stated above.
- 4) This bond shall be deemed cancelled as of the date Principal's membership in United States Tour Operators Association, Inc. terminates; provided however, that the Principal and the Surety shall remain liable for any and all valid claims for tour payments and deposits received by or on behalf of the Principal from transactions occurring prior to the effective date of termination of membership in United States Tour Operators Association, Inc., or the cancellation of this bond, whichever comes first.
- 5) The Surety shall have the right to cancel this instrument by giving sixty (60) days notification in writing to the Obligee and to the Principal. Such notice, however, shall not have the effect of canceling or terminating suretyship hereunder for Consumer Losses due to failure by the Principal to refund tour payments and deposits received by or on behalf of the Principal from transactions occurring prior to the effective date of such cancellation.
- 6) In the event of payment hereunder, the Surety shall be subrogated to all rights of the Obligee and the Obligee shall execute any and all documents necessary to convey recovery rights to the Surety.
- 7) In the event of loss recoverable hereunder or of circumstances which may give rise to loss recoverable hereunder, the Obligee shall notify the Surety as soon as practical at its Home Office address shown above.
- 8) The suretyship provided herein shall be primary notwithstanding other instruments or suretyship or insurance whether required by law or otherwise.
- 9) In the event of loss, the Obligee shall submit full details as soon as practicable and shall, within four months of initial notification of loss, file a proof of recoverable claims with the Surety. Surety shall make payment to the Obligee promptly after receipt of proof of recoverable claims.
- 10) Payment by the Surety to the Obligee of any and all losses recoverable hereunder shall satisfy the Surety's obligation herein, it being understood that the Surety has no direct obligation to clients of the Principal, or any other persons other than the Obligee named herein.
- 11) This instrument of suretyship shall be subject to the laws of the State of New York and all parties herein, namely the Principal, the Obligee and Surety, agree that any and all legal actions to recover hereunder must be instituted in the State of New York within twelve (12) months after the refund(s) from Principal became due.

Signed and sealed this: \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_

Principal:

\_\_\_\_\_

Surety:

\_\_\_\_\_

By: \_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
(Title)

WITNESS:

\_\_\_\_\_

WITNESS:

\_\_\_\_\_