

# Agent Reporting Agreement

This Agreement by and between Airlines Reporting Corporation (hereinafter "ARC"), 4100 North Fairfax Drive, Suite 600, Arlington, VA 22203-1629, on its own behalf and on behalf of the Carriers which have or hereafter execute the ARC Carrier Services Agreement (hereinafter "Carrier" or "Carriers") and which appoint the Agent under this Agreement,

and

the Person who executes the memorandum of agreement, or otherwise concurs in the adoption of this Agreement, as described in Section XXV hereof, agreeing to be bound to the terms and conditions of this Agreement (hereinafter called "the Agent"),

WITNESSETH:

WHEREAS, ARC maintains an ARC List containing the names of Persons who have been found to meet certain minimum requirements and qualifications, and are eligible to issue ARC Traffic Documents and to sell air transportation or provide for ancillary services on Carriers which appoint them;

WHEREAS, Carriers which are parties to the ARC Carrier Services Agreement may appoint and provide their Airline Identification Plates to such Persons for the sale of air transportation and the issuance of ARC Traffic Documents on their behalf;

WHEREAS, ARC administers and operates the Agents' Standard Ticket and Area Settlement Plan (hereinafter "ASP" or "the Plan") through which Persons included on the ARC List report ARC Traffic Documents for the sale of air transportation and ancillary services on behalf of the Carriers, and make settlement therefor;

WHEREAS, the Agent engages in the sale of air transportation to the public as agent for and on behalf of the Carriers and, upon application duly submitted, the Agent has been found qualified for inclusion on the ARC List;

WHEREAS, the Agent will utilize the Plan to report ARC Traffic Documents issued for the sales of air transportation and ancillary services on behalf of the Carriers appointing such Agent, and make settlement therefor;

WHEREAS, the parties agree that all transactions that occur under this Agreement occur, or shall be deemed to occur in the United States.

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements hereinafter set forth, it is mutually agreed as follows:

## Section I: Purpose and Scope

A. The purpose of this Agreement is to facilitate the issuance of ARC Traffic Documents to the public by agents of Carriers in a competitive and efficient manner.

B. This Agreement establishes a principal-agent relationship between the Agent and appointing Carriers, and governs the terms and conditions under which the Agent is authorized to  
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issue ARC Traffic Documents at or through its Authorized Agency Locations in the United States, and does not extend to the terms and conditions under which the Agent is authorized to issue tickets and other forms that the Carrier may provide to the Agent.

C. This Agreement does not constitute the entire agreement between the Agent and a Carrier, but is specifically limited to the terms and conditions contained herein. This Agreement does not, for example, address fares charged by the Carrier, or any commissions, incentives, or other forms of remuneration provided by the Carrier to an agent; those matters are outside the scope of this Agreement and are matters solely between a Carrier and an agent.

## Section II: Definitions

For the purpose of this Agreement—

ARC LIST (also referred to as AGENCY LIST and LIST) means the agency list maintained by ARC, which includes the name, address and agency code number for each location which has been found qualified under ARC standards, and contains the classification under which the location was included.

AGREEMENT means the ARC Agent Reporting Agreement and all supplements and attachments included therewith.

AGENT means any Person included on the ARC List for the purpose of selling air transportation and ancillary services. This includes all home and branch locations and all other authorized locations, including those under common Control.

AGENT IDENTIFICATION PLATE means a plate bearing the Agent's name, city, state, and code number, which is used in a validator machine for the validation of ARC Traffic Documents (paper format).

AIRLINE IDENTIFICATION PLATE (also referred to as Carrier Identification Plate) means a plate bearing the Carrier's name or authorized abbreviation, and code number, and is used in a validator machine for the validation of ARC Traffic Documents (paper format).

ARBITER means the Travel Agent Arbiter established by ARC as an independent entity (including all Associate Travel Agent Arbiters) to decide disputes between ARC and agents and applicants.

ARC LINK means the electronic communications link between ARC and the Agent via the Agent's System Provider or via any other means ARC may authorize.

ARC TRAFFIC DOCUMENTS means agents' standard tickets automated miscellaneous charges orders, and all other accountable forms and documents, both manual and automated, which ARC provides to agents in paper format for issuance to their clients, and which bear ARC-issued numbers, as well as electronic versions thereof. Both formats, paper and electronic, are assumed throughout this Agreement; if only one format is

applicable, such shall be noted. The term does not include Carriers' own ticket stock, which includes tickets, miscellaneous charges orders, tour orders, and other accountable forms and documents of the Carriers, or electronic versions thereof.

ARC TRAFFIC DOCUMENTS (PAPER FORMAT) include both manual and automated ARC Traffic Documents.

ARC TRAFFIC DOCUMENTS (ELECTRONIC FORMAT) mean any ARC Traffic Documents other than ARC Traffic Documents (paper format).

AUTHORIZED AGENCY LOCATION means a place of business operated by an agent which is included on the ARC List, including the home office location and any branch office location and Satellite Ticket Printer (STP) location of the Agent.

CARRIER means any airline or other entity that provides transportation or other ancillary travel services and that has all of the following attributes: 1)has appointed a resident agent subject to the service of process within the United States; 2) is authorized by the government of any nation (or any agency or instrumentality thereof), to engage in transportation of persons, or the provision of ancillary travel service to Persons; and 3) has executed the ARC Carrier Services Agreement with ARC, or is otherwise authorized by ARC to participate in ARC programs as a participating Carrier for purposes of this Agreement.

CHECK means the check, draft, Electronic Funds Transfer (EFT) or debit entry that ARC draws or initiates on the Agent's account designated pursuant to Section VII.B of this Agreement, to charge the amount(s) owed by such Agent under this Agreement. The various terms for describing the charge are used interchangeably in this Agreement.

CONTROL means the power or authority to manage, direct, superintend, restrict, regulate, govern, administer, or oversee; and the term embraces every form of Control, actual or legal; direct or indirect; negative or affirmative; individual, joint, several, or family, without regard to the type or number of intervening or supervening persons involved. Two Persons are under "common control" when both are Controlled by the same Person or Persons.

CREDIT MEMO means any written or electronically transmitted authorization from a Carrier to an agent authorizing the deduction by the agent of a specified dollar amount from the agent's Sales Report.

CREDIT REQUEST MEMO means any written request from an agent to a Carrier demanding payment of any obligation arising under the Agreement, and includes any form of credit request authorized by the Carrier, including the Agent Sales Summary Adjustment Request, Form 1282.

DEBIT MEMO means any written or electronically transmitted request from a Carrier to an agent for payment of any obligation arising under this Agreement.

ELECTRONIC ISSUANCE of ARC Traffic Documents must include, but is not limited to, the process by which an ARC-issued number is assigned to the ARC traffic document.

FINANCIAL GUARANTEE INSTRUMENT includes the terms "bond," letter of credit," and "cash security deposit," as referenced in Section IV.A.1.b of the Agreement.

IMPROPERLY REPORTED SALE means the Agent's sale of Carrier transportation and/or ancillary services using an ARC traffic document or documents, which, although reported in the Agent's Sales Report, (a) contains false or inaccurate data (including, but not limited to, false or inaccurate credit card numbers, and/or form of payment); or (b) is unauthorized or wrongfully submitted for refund, reissuance, or exchange.

INDUSTRY AGENTS' HANDBOOK or HANDBOOK means an electronic handbook containing various rules, regulations, and instructions of ARC covering an agent's responsibilities and activities under the Agreement, which is maintained by ARC, and updated from time to time, and made available by electronic media or means to all agents on a current and continuing basis.

INTERACTIVE AGENT REPORTING SYSTEM (also referred to as IAR and includes all versions of IAR) means the electronic system through which the transactions issued by the Agent are included in the Agent's Sales Report and by which the Agent authorizes and submits, for all of its Authorized Agency Locations, the Sales Report information required of it hereunder and other data for transactions issued at Agent's authorized location(s).

"NO SALES" REPORT means the Sales Report which the Agent must submit via IAR for any Authorized Agency Location for which the Agent sold no air transportation or ancillary services during the Sales Report Period.

PERIOD ENDING DATE or PED is the sales report period ending date.

PERSON includes an individual, corporation, partnership, association, company, or firm. In instances in which the Agent is a corporation, partnership, association, company or firm that has not been properly constituted or organized under applicable law, or that is not in good standing, has been administratively dissolved, or has otherwise ceased to comply with such applicable laws regarding formation or organization, "Person" shall mean each and every owner and officer, individually during the period of time that the Agent was improperly organized or formed, not in good standing, in administrative dissolution, or otherwise failed to comply with applicable law.

SALES REPORT means the required IAR Sales Report that incorporates all transactions issued and validated during the

Sales Report Period, including the electronic (IAR) Submission or “No Sales” report.

**SALES REPORT PERIOD** means the seven-day period beginning Monday through the following Sunday during which transactions are issued and validated. Sunday is the ending date of the sales report period. The sales report period ending date is also referred to as the period ending date or PED.

**SECURITY DEVICES** mean the unique electronic codes, including, without limitation, the Username, Primary Master Personal Identification Number (PIN), the Access/Activation Code, User ID, and/or any password, Secondary PINs or Individual PINs, security codes, and responses to identity verification questions, whether created by the Agent or by ARC at the request of the Agent, that ARC provides to the Agent with which the Agent may transact business with ARC or access ARC’s systems. Security Devices serve as the Agent’s authentication and authorization of all transactional data transmitted to ARC and/or the Carriers.

**SUBMIT** or **SUBMISSION** means the submission of the transactions issued and validated during the sales report period which are to be included in the sales report and the authorization of the settlement amount.

**SUBMISSION DEADLINE** means 11:59 p.m., Eastern Time, on the Tuesday following the close of the sales report period, or on the Wednesday following the close of the sales report period if Monday or Tuesday is a holiday designated in the Industry Agents’ Handbook.

**SYSTEM PROVIDER** means a person, company, or other legal entity which operates a computerized reservations system which supplies data and/or other products and/or services required for the imprinting of ARC Traffic Documents in paper format, and/or for the issuance of ARC Traffic Documents in electronic format, and/or for the submission of data via IAR, by ARC-approved agents, and which has entered into an Agreement or agreements with ARC and with the Carrier(s) regarding the above described data, products, and/or services.

**THE TRAVEL AGENT ARBITER PROGRAM, INC.** is a corporation chartered in the District of Columbia whose purpose is to oversee the Travel Agent Arbitrator and other specified programs.

**TRANSACTIONAL DATA** means the ticketing and other transactional information that is included in the IAR sales report or is submitted to ARC and/or the Carriers.

**UNREPORTED SALE** means the Agent’s sale of Carrier transportation and/or ancillary services using an ARC traffic document or documents, which sale has not been included by the Agent in the sales report as required by this Agreement.

**UNITED STATES** includes the fifty states, the District of Columbia, and any U.S. territory, including, but not limited to Puerto Rico and the U.S. Virgin Islands.

**VARIABLE REMITTANCE PLAN** means an arrangement negotiated between an individual Carrier and an agent, concerning the agent’s authorized locations, under which the agent settles ARC Traffic Documents with ARC on a schedule other than the tenth day after the close of the sales period, or settles directly with an individual Carrier. There are four Variable Remittance plan options, including Direct Form of Payment (DP), Direct Form of Payment with Invoice (DI), Variable Payment with Consolidated Check (PC) and Variable Payment with Individual Check (PI).

**VERIFIED TRAVEL CONSULTANT** is a Person included on the ARC List who sells or issues ancillary services through ARC but can not issue air transportation.

### **Section III: Locations Covered by this Agreement**

- A. The Agent may exercise the authority granted herein, only at such places of business operated by the Agent as are included on the ARC List.
- B. This Agreement covers the home office and all branch and Satellite Ticket Printer (STP) locations of the Agent, including any which may be added to the ARC List after the date of execution hereof.
- C. No branch location or STP shall be included on the ARC List unless the corporate structure or ownership of the home office and the branch and STP is absolute and all inclusive as a single entity, and the home office has full legal and financial responsibility for the administration, staff, liability, maintenance, and operational expense of the branch location.
- D. If the Agent wishes to have a place of business included on the ARC List as a branch location or STP under the terms of this Agreement, it shall submit an application to ARC in accordance with the procedures ARC shall prescribe for submitting and processing such applications. ARC shall not approve any application for a branch location or STP unless, among other things, the Agent is properly bonded in the amount and form required by Section IV.A.1 of this Agreement.

### **Section IV: Qualifications for Inclusion and Retention on the ARC List**

To be included or retained on the ARC List, the Agent must meet and continue to meet the following criteria:

#### **A. Financial Requirements**

- 1.a. The Agent shall, without expense to ARC or any Carrier, procure and maintain for the joint and several benefit of

the Carriers and ARC, a bond issued by a surety included on the current revision of Circular 570 issued by the United States Treasury Department, entitled "Surety Companies Acceptable on Federal Bonds." The bond shall be in the form prescribed from time to time by ARC and shall be in the amount prescribed below. Subject to the minimum and maximum amounts stated below, the amount of the bond shall be equal to at least the average monthly net cash remittance as determined for the 12-month period ending on the last Sales Report Period Ending Date of the fifth month prior to the anniversary date of the Agent's bond. If the Agent was approved by ARC within the preceding 12 months, the amount of the bond shall be equal to at least the average monthly net cash remittance of the preceding months ending on the last Sales Report Period Ending Date of the fifth month prior to the anniversary date of the Agent's bond.

- (1) The minimum amount of the bond that shall be maintained by each Agent approved by ARC for inclusion on its ARC List shall be \$20,000. This requirement shall remain in force as to each such Agent for two years from the date of such approval; thereafter, the minimum shall be \$10,000.
  - (2) In no event shall the amount of the bond required of an applicant for a Type I, III and IV change of ownership application be less than the amount of the bond required of the Agent prior to the approval of any such ownership change.
  - (3) The minimum amount of the bond that shall be maintained by each Agent as to which a Type II and Type V change of ownership application is approved by ARC shall be \$20,000. This requirement shall remain in force as to each such Agent for two years from the date of such approval; thereafter, the minimum shall be \$10,000. However, in no event shall the amount of the bond required of an applicant for any Type II and V change of ownership application be less than the amount of the bond required of the Agent prior to the approval of any such ownership change, or \$20,000, whichever is greater.
  - (4) The maximum amount of the bond that shall be maintained by each Agent shall be \$70,000.
- b. In lieu of the bond required by Section IV.A.1.a of this Agreement, the Agent may provide an irrevocable bank letter of credit or a Cash Security Deposit Agreement and required attachments (also referred to herein as a Cash Security Deposit) in the form prescribed from time to time by ARC. The amount of the letter of credit and the Cash Security Deposit shall be determined at all times in the same manner as the amount of the bond. Unless otherwise stated, whenever the term "Financial Guarantee Instrument" is used in this Agreement, it shall be considered synonymous with and include the terms bond, irrevocable letter of credit and Cash Security Deposit.
- c. The Agent's Financial Guarantee Instrument shall cover all amounts owed by the Agent to the Carriers and ARC for tickets or other instruments of value issued on ARC Traffic Documents which were supplied in trust to the Agent, including, but not limited to: amounts owed for tickets and other instruments of value which have been used but not reported or paid for; amounts owed for dishonored drafts or debit entries; and amounts owed on account of the loss, misapplication, theft, forgery, or unlawful use of ARC Traffic Documents unless the Agent is otherwise relieved of liability pursuant to the terms of this Agreement.
2. Effective on and after May 1, 1987, each Agent which has been on ARC's List continuously for two years, and each agent (1) as to which ARC has approved a Type II or V change of ownership application and (2) which has been on ARC's List continuously for two years, may maintain, in lieu of the Financial Guarantee Instrument prescribed above, a Financial Guarantee Instrument in the required form in the amount of \$10,000. This option may not be exercised until the Agent has submitted, and ARC has approved in writing, a current financial statement which shall thereafter be updated and submitted annually to ARC for written approval and shall at all times meet the following requirements:
    - a. The financial statements of the Agent must: (1) be examined or audited in accordance with generally accepted auditing standards; and (2) be prepared in accordance with generally accepted accounting principles; and (3) contain a report on the examination signed by a Person or firm licensed to practice public accountancy in a state of the U.S., Puerto Rico, or the U.S. Virgin Islands. Financial statements which are merely "reviewed" or "compiled," but not examined or audited by a firm licensed to practice public accounting, do not meet these requirements; and
    - b. Tangible net assets demonstrated by such statements shall be at least \$100,000; and
    - c. The report on the financial statements must have been prepared within four months of the close of the period covered by the financial statements and, together with the relevant forms, mailed to ARC within thirty (30) days after the date of the report of the public accountant.
    - d. Where the Agent is not a corporation but involves one or more individuals, personal financial statements may be accepted if prepared in accordance with Statement of Position 82-1 as published by the American Institute of Certified Public Accountants, and meets all other requirements set forth above.
    - e. Financial statements meeting all the relevant requirements above may be accepted on behalf of an

incorporated agent from either the parent organization, if the Agent is its subsidiary, or a stockholder of the Agent, provided that such parent or stockholder has on file with ARC an acceptable written guarantee of the Agent's obligations under this Agreement.

3. Any required change in form of the Financial Guarantee Instrument, or any required adjustment of the amount of the Agent's Financial Guarantee Instrument to provide coverage in excess of the minimum, shall be made each time it is renewed, reinstated, or replaced, as applicable. If ARC determines that the Agent's Financial Guarantee Instrument is less than the required amount, ARC will notify the Agent at least ninety (90) days in advance of the anniversary date of such instrument. If, however, the increase required is greater than \$10,000, the Agent may increase the Financial Guarantee Instrument in the amount of \$10,000 per quarter, or 25 percent of the total increase required per quarter, whichever is higher.

Notwithstanding the above concerning the time for adjusting, and the method of adjusting, the amount of coverage required, ARC will not approve an application for an additional Authorized Agency Location of an agent unless the agent's Financial Guarantee Instrument is in the form prescribed by ARC and the amount prescribed by Section IV.A.1 of this Agreement.

4. In addition to the other financial requirements of this subsection, the Agent shall cause to have executed on its behalf a "Personal Guaranty of Payment and Performance," attachment C of this Agreement, if:
  - a. ARC sends the Agent a notice of financial or reporting irregularity pursuant to Section VIII.D.1.a, b, or c;
  - b. The Agent is subject to the additional operating requirements of Section IX.B;
  - c. The Agent seeks to appeal ARC's removal of its Traffic Documents and the Airline Identification Plates pursuant to Section XV.A; or
  - d. The Agent is required by the Arbiter to do so.

**B. Personnel Standards**

1. Each Authorized Agency Location of the Agent (except branch office locations) shall have at least one person who is a full-time employee of the Agent at the place of business, and is either the owner, partner, officer, manager, or supervisor who fulfills each of the following qualifications:
  - a. Exercises daily supervision of, and responsibility for the operations of that agency location and has the authority to make management decisions therefor; and

- b. Has at least two years' full-time experience in either (1) selling general travel services to the public or (2) supervising the operation of a business offering such services;
2. Each Authorized Agency Location of the Agent (except branch office locations) shall have at least one full-time\* employee of the Agent who has either:

- a. Certified ARC Specialist ("CAS") status, having demonstrated knowledge of the provisions of the *Industry Agents' Handbook*, including, for example, Area Settlement Plan ("ASP") processing, ARC traffic document preparation, refunds and exchanges, ticket security rules and procedures, and preparation and reconciliation of Sales Reports, through successful completion of the Certified ARC Specialist Examination.

- b. ARC Specialist status, effective September 30, 2005, for those individuals having demonstrated knowledge of the provisions of the *Industry Agents' Handbook*, including, for example, Area Settlement Plan ("ASP") processing, IAR 2.0, ARC traffic document preparation, refunds and exchanges, ticket security rules and procedures, and preparation and reconciliation of Sales Reports, through successful completion of the ARC Specialist Examination.

\* "full-time" means regularly scheduled working hours at an agency location for a minimum of 35 hours per sales reporting period.

3. Each authorized agency shall notify ARC in writing of any change in employment status of any of the Agent's CAS qualifier(s) or ARC Specialist(s) and/or the Person(s) who meet the personnel standards of section IV.B.1 and IV.B.4. Such notice shall be sent to ARC within 45 days of the change in employment status.
4. Each Agent shall designate at least one employee for each of the Agent's branch locations who is either a manager or supervisor and who exercises daily supervision of, and responsibility for, the operations of that agency location and has the authority to make management decisions therefore.

[OFFICIAL COMMENTARY: The CAS became mandatory for all new Agents, as well as new branch locations (including on-sites), and Type II and V ownership changes, seeking ARC approval on or after July 1, 1999. The ARC Specialist Program will replace the CAS program effective September 30, 2005. Any person holding a valid CAS certificate will be transitioned into the ARC Specialist Program. Such person will not have to take the ARC Specialist exam until his or her current CAS certificate expires.]



**C. General Qualification Requirements**

1. The Agent shall be a citizen or national of the United States, or an alien authorized employment (see 8 C.F.R. Part 274A), or a foreign corporation authorized to do business in the jurisdiction in which the location is situated.
2. The name of the Agent shall not be the same as, or misleadingly similar to, a Carrier, and not be identified as an airline office.
3. Each Home Office and/or Independent location shall maintain a (one) corporate email account for the purposes of receiving communication from ARC and Notices under Section XVIII. Any changes in said email address shall be provided to ARC immediately upon change, so ARC can maintain an updated email list.

**D. Other Requirements**

1. The Agent is ineligible for inclusion or retention on the ARC List where investigation reveals that:
  - a. There was a material misrepresentation or inaccuracy in any application of the Agent for inclusion on the ARC List, or for changes to its status or listing thereon, or in any attachments thereto;
  - b. Any Person who is involved in the day-to-day operations of the agency and has access to monies from the sale of transportation and other services issued on ARC Traffic Documents, is not a citizen, or national of the U.S., or an alien authorized employment in the U.S.; or
  - c. The Agent's Authorized Agency Location\* does not have the requisite licenses\*\* of the jurisdiction in which located.

\* For purposes of this section only, Authorized Agency Location is limited to all Independent, Home Office, Branch locations. Satellite Ticket Printer (STP) and On-Site Branch (OSB) locations are exempt from this requirement, however, unless otherwise mandated by federal, state, or other local law or authority.

\*\* Requisite license includes, but is not limited to, any and all licenses mandated by federal, state, or local legislation or authority, which enable the Agent to lawfully conduct business at each of its Authorized Agency Locations. Examples include state licenses, e.g., the California Sellers of Travel Law.

2. The Agent is ineligible for inclusion or retention on the ARC List if ARC has reason to believe that the Agent, or any Person holding a financial or ownership interest in the Agent, or any officer, director, qualifying manager, or any Person employed by it in a capacity in which that Person has

access to ARC Traffic Documents or money held by the Agent in payment therefor:

- a. Has or had a financial interest in, or a connection or affiliation with, or was employed by, any agent previously canceled from the ARC List\*; or
- b. Has or had a financial interest in, or a connection or affiliation with, or was employed by, any agent presently declared in default under the provisions of Section VIII of the Agent Reporting Agreement\*; or
- c. Has been convicted of a felony, or a misdemeanor related to financial activities, or has been found by a court of competent jurisdiction to have committed a breach of fiduciary duty involving the use of funds of others,

unless, based upon investigation, experience of the Carriers with such Person(s), where applicable, and all information and facts available, it is determined by ARC that the Agent can be relied on to adhere to the terms of this Agreement. If the conduct invoking this provision occurred more than seven years prior to the filing of a complaint with the Arbiter, there shall be a rebuttable presumption the Agent can be relied upon to adhere to the terms of this Agreement.

\* For the purposes of this subsection, references to the ARC List and the Agent Reporting Agreement include, in addition, the List and the Passenger Sales Agency Agreement, and its predecessor Sales Agency Agreement, of the Air Traffic Conference of America, as well as the ARP List of Agents and ARP Agent Agreement.

**E. Reapplications**

1. Any applicant agent, including officers, owners, or shareholders thereof which, regardless of intent, fails to disclose, falsifies, or otherwise materially misrepresents any application information pertaining to:
  - a) a previous affiliation with a canceled agency or an agency currently in default;
  - b) the existence of a felony conviction or financially related misdemeanor;
  - c) a prior bankruptcy;
  - d) personal identification;
  - e) employment history; or
  - f) the true ownership of the agency,

shall be ineligible for inclusion on the ARC List for a period of twelve (12) consecutive months from the date of ARC's disapproval letter advising the applicant such occurrence has been discovered.

2. Any agent or individual may appeal ARC's determination that it is subject to the terms of this section to the Travel Agent Arbiter.

### **Section V: Appointment of Agent by Carrier**

A Carrier may issue an appointment to the Agent permitting the Agent to issue ARC Traffic Documents on behalf of the Carrier in one of two ways:

- A. The Agent shall be automatically appointed by any Carrier which has, or hereafter may, deposit with ARC a general concurrence for the appointment of all agents on the ARC List. From time to time ARC will publish a list of all Carriers which have deposited such a general concurrence.
- B. Any Carrier which has not deposited with ARC the general concurrence for the appointment of all agents on the ARC List may appoint the Agent by delivering to the Agent a written certificate of appointment.

### **Section VI: Change of Name, Location or Officer(s)**

#### **A. Procedures To Change Name**

The Agent must provide thirty (30) days written advance notice to ARC to change its name and names as set forth in this Agreement, under which its activities must be conducted. Within the thirty (30) day period, ARC shall ascertain whether the proposed name violates this agreement. If approved, ARC shall correct the ARC List, notify all carriers and the System Providers, and, unless the change relates only to a branch location, execute an amendment to the memorandum of agreement reflecting the change. If the proposed change is disapproved, ARC shall notify the carriers and the System Providers and also advise the Agent with specific reasons, and the Agent may obtain review of that decision by the Arbiter, in accordance with Section XXIII of this agreement. Whenever the legal name of the Agent is changed, the Agent must provide to ARC a Financial Guarantee Instrument or letter of credit in the correct amount and form prescribed by ARC, which includes the Agent's new legal name.

#### **B. Procedures To Change Location**

The Agent must provide written advance notice to ARC to change its business location, accompanied by a full description in the form prescribed by ARC. If the new location is qualified under the standards set forth in Section IV.C hereof, it shall be approved and ARC shall correct the ARC List and notify all carriers and the System Providers. If the location fails to qualify, ARC shall disapprove the change and notify the carriers and the System Providers, and so advise the Agent with specific

reasons. ARC shall advise the Agent of its approval or disapproval within forty-five (45) days of the receipt of the written notice from the Agent. The Agent may obtain review of that decision by the Arbiter, in accordance with Section XXIII of this agreement. The Agent may, nevertheless, change the location pending the Arbiter's decision. If the Agent does not request such review and, further, fails to relocate to its former authorized agency location within 30 days from ARC's notice of disapproval, ARC may file a complaint against the Agent.

#### **C. Procedures To Change Officers/ Change of Identity of Officers**

The Agent must provide notice of the removal or addition or any other change in the identity (e.g., change in married name, etc.) of its officers (unless such Agent is an entity whose shares are listed on a securities exchange or are regularly traded in an over-the-counter market). The Agent shall provide such notice within thirty (30) days after such change occurred using the form prescribed by ARC. If the Agent fails to provide such information timely or the new officer fails to meet the qualifications set forth in Section IV hereof, ARC may take appropriate action consistent with Section XXIII of this agreement.

### **Section VII: Agent's Authority, General Rights and Obligations**

- A. The Agent shall at all times maintain ethical standards of business in the conduct of the agency and in its dealing with its clients, the public, ARC and the Carrier.
- B. The Agent shall designate a bank account for the benefit of ARC and the Carrier for deposit of (1) the proceeds of the sales of air transportation and ancillary services for which ARC Traffic Documents were issued, and (2) such funds as may be required to pay any other amount which ARC is authorized to draft from the account. The Agent recognizes that the proceeds of the sales, less the Agent's commissions, if any, on these ARC Traffic Documents are the property of the Carrier and shall be held in trust until accounted for to the Carrier.
- C. In selecting the identification of the ticketing Carrier, the Agent will follow the procedures specified in attachment F, hereto.
- D. The provisions of Section VII.C above notwithstanding, no agent shall identify a Carrier on an ARC traffic document as the ticketing Carrier, including any segment, in connection with the sale of air transportation offered by another Carrier which has notified the Agent and ARC that the Agent shall not represent that Carrier.
- E. In exercising its authority under this Agreement, the Agent shall issue only ARC Traffic Documents supplied pursuant to, or authorized by, this Agreement.

F. The Agent shall deliver to its clients the proper forms of ARC Traffic Documents and/or supporting documentation as authorized from time to time by the Carrier. The information shown on any such documents shall be in accordance with the applicable rules, regulations and instructions furnished to the Agent by ARC and by the Carrier.

G. The Agent shall comply with all instructions consistent with this Agreement properly issued to him by ARC in the *Industry Agents' Handbook* and other specific instructions consistent with this Agreement provided from time to time by ARC.

H. The Agent shall comply with all instructions of the Carrier, and shall make no representation not previously authorized by the Carrier. The Agent shall deliver to the Carrier such specific instructions, requests, or particulars in connection with a client or the transportation as may be proper to enable the Carrier to render efficient service to its passengers.

I. The Agent shall not knowingly or negligently sell or issue ARC Traffic Documents covering air passenger transportation to be offered by the Carrier to Persons who plan to sell, issue, or offer to sell or issue, such ARC Traffic Documents, but who have not been authorized by the Carrier to represent the Carrier.

J. The Agent is not authorized by this Agreement to admit, accept or receive service of summons or any other process on behalf of the Carrier or ARC.

K. In the absence of specific permission of the Carrier, the Agent shall not use any credit card which is issued in the name of the Agent, or in the name of any of the Agent's personnel, or in the name of any third party, for the purchase of air transportation for sale or resale to other Persons, nor report to the Carrier or include in its Sales Report the sale of any air transportation as a credit card transaction where at any time the Agent bills, invoices, or receives payment in cash from the customer for such air transportation.

L. Agent agrees not to disclose to, or otherwise give, any third party the name or account number appearing on any credit card, or any document or form on which such names or account numbers appear, except as may be necessary for Agent to perform its obligations under this Agreement.

## Section VIII: Reports and Settlements, Defaults and Other Financial Irregularities Under ASP

### A. Reports and Settlements-General

1. The Agent shall make appropriate arrangements to permit ARC to draw Checks upon the Agent's bank account designated pursuant to Section VII.B of this Agreement in payment for amounts owed hereunder.

The Agent shall give ARC advance notice in the form prescribed by ARC of its intention to change bank accounts. Such notice must be received at least seven (7) days prior to the beginning of the affected Sales Report Period, and will state the first Sales Report Period Ending Date to which it applies.

2. The Agent shall Submit its Sales Report(s) to ARC via IAR.

- a. The Agent shall Submit all Sales Reports to ARC, in the form prescribed by ARC in the *Industry Agents' Handbook* and such other instructions ARC may publish. The Sales Report shall account for and include all ARC Traffic Documents issued and validated during the Sales Report Period and confirm the accuracy of data included in the Sales Report. If the Agent has sold no air transportation or ancillary services during the Sales Report Period, the Agent shall authorize and Submit a "No Sales" report.

- b. With each Sales Report the Agent shall authorize a settlement amount reflecting the maximum amount to be drawn by ARC from the Agent's designated account.

3. The Agent shall authorize and Submit the Sales Report to ARC no later than the Submission Deadline as defined in this Agreement. Only those Sales Reports received by the Submission Deadline shall be considered "timely received." If the Submission Deadline has passed, all outstanding Sales Reports must be authorized and submitted immediately.

The Agent shall obey all ARC and individual Carrier rules and instructions concerning the Submission and retention of supporting paper documentation, as communicated to the Agent via ARC and/or the Carrier.

4. Throughout the Sales Report Period the Transactional Data will be made available to the Carrier(s) to which such data pertains. All Transactional Data may be reviewed by ARC at any time during or after the Sales Report Period.

5. Upon Agent's Submission (or resubmission) of the Sales Report, ARC shall generate a confirmation number for the report, and transmit this confirmation number to the agency location from which the report was submitted. The number thus generated shall appear on the Agent's IAR computer screen, and the Agent shall maintain a record of the confirmation number in accordance with this Agreement.

- B. 1. ARC will, based upon the Sales Report submitted by the Agent, determine the amount owed for the sales period, and will draw a Check for such amount on the Agent's account. The Check will not be in excess of the amount authorized by the Agent, or be presented for

payment earlier than the tenth day after the close of the Sales Report Period.

ARC will provide electronically to the Agent a weekly summary showing all transactions and the amount of the Check drawn, no later than the tenth day after the close of the sales period. Settlement of amounts owing will be made in the authorized currency.

2. All monies and credit card billing documents, less applicable commission, collected by the Agent for sales hereunder are property of the Carriers, and shall be held in trust by the Agent until satisfactorily accounted for to the Carriers.

#### **C. Other Settlement Arrangements Not Prohibited**

1. Nothing contained in this Agreement shall preclude an agent from proposing to a Carrier which is a party to the Carrier Services Agreement or a Carrier from proposing to an Agent, (a) that, for transactions in which the Agent has issued and validated ARC Traffic Documents, it settle its account pursuant to a Variable Remittance plan, or (b) that the Agent utilize the Carrier's Traffic Documents. If such a proposal is made by an Agent, the Carrier shall consider the agent's proposal in good faith; however, a Carrier's refusal to enter into such an arrangement shall not, in and of itself, constitute evidence of bad faith.
2. An Agent shall not, without prior written consent by the Carrier concerned, submit a settlement of ARC Traffic Documents pursuant to a Variable Remittance plan.

#### **D. Financial and Reporting Irregularities**

1. This subsection governs payment of amounts due in the event of a dishonored Check or failure to Submit a complete and proper Sales Report. It does not govern any amounts settled under a Variable Remittance plan, where applicable, if either the payment is made directly to an individual Carrier or ARC collects the amount expressly on behalf of an individual Carrier by means of an individual draft.

##### ***(a) Dishonored ARC Draft***

ARC will immediately notify the Agent and its surety when a Check drawn by ARC has been dishonored by the Agent's bank. If the Agent does not immediately provide a certified check or wire funds to cover the dishonored Check, ARC will do as directed in Section VIII.D.1.d.

##### ***(b) Unreported Sales and Improperly Reported Transactions***

ARC will notify the Agent if it has failed to include in its Sales Report all ARC Traffic Documents issued through the close of the Sales Report Period, as provided in subsections A.2.a and A.2.b and A.3 of this section, or has included sales *and other Improperly Reported transactions*. Unless the Agent immediately provides a certified check and supporting documents to cover the Unreported and/or Improperly Reported Sales, ARC will notify the Carriers, and, where a clear and present danger of substantial loss is present, ARC will do as directed in Section VIII.D.1.d.

##### ***(c) Failure to Submit Sales Report***

If the Agent does not authorize and Submit a Sales Report by the Submission Deadline, ARC will notify the Agent and the following shall apply:

##### **(1) WHERE AGENT HAS EVIDENCE OF TIMELY SUBMISSION OF WEEKLY SALES REPORT**

If the Agent has evidence of timely Submission of the Sales Report required by this Section and Section XIV of this Agreement, it shall, by the next business day after notification by ARC, send copies of such evidence to ARC and reauthorize and resubmit the report. In all other circumstances, the Agent shall, by the next business day after notification by ARC, authorize and Submit the report to ARC.

##### **(2) WHERE MALFUNCTION AT ARC RENDERS SALES REPORT UNPROCESSABLE**

If the Agent has timely submitted the required Sales Report, but, because of a malfunction or emergency at ARC that renders ARC unable to process or receive the report, ARC will promptly notify the Agent. Thereafter, the Agent shall, immediately after such notification by ARC, reauthorize and resubmit the report.

##### **(3) WHERE SALES REPORT RECALLED BY AGENT**

The Agent may, at any time before the Submission Deadline, recall a Sales Report which it has already submitted, in order to enhance or correct data contained therein. However, the Agent may not recall a previously submitted Sales Report after the Submission

Deadline for that Sales Report, and any Sales Report recalled prior to the Submission Deadline must be resubmitted by the Submission Deadline. If a recalled Sales Report is not resubmitted so that it is received at ARC by the Submission Deadline, the Agent must reauthorize and resubmit the Sales Report to ARC via IAR by the next business day after notification by ARC.

(4) WHERE INTERNET SERVICE PROVIDER TERMINATES SERVICE

In the event the Agent's Internet Service Provider (ISP) access has been disabled or the ISP has terminated service to the Agent, and therefore, the Agent is unable to Submit electronically its required Sales Report(s) to ARC, such disabling shall not relieve the Agent of its obligation to Submit the Sales Report by the Submission Deadline. The Agent shall immediately take all steps necessary to restore service to its ISP or establish service with an alternate ISP. ARC reserves the right to request evidence that the Agent has taken reasonable steps to restore service to its ISP or establish service with an alternate ISP.

(5) FAILURE TO TIMELY AUTHORIZE AND SUBMIT OR REAUTHORIZE AND RESUBMIT SALES REPORTS

Unless the Agent authorizes and Submits or, as appropriate, reauthorizes and resubmits, the Sales Report in accordance with the above requirements, ARC will notify the Carriers and do as directed in Section VIII.D.1.d (1).

***(d) Consequences of failure to pay for dishonored draft(s), Unreported and/or Improperly Reported transactions, and failure to timely authorize and Submit Sales Reports***

(1) If any provision of Sections VIII.D.1.a, b or c occurs ARC will (i) withdraw from the Agent, and all Authorized Agency Locations under common Control with the Agent, all ARC Traffic Documents (paper format) and Airline Identification Plates, (ii) notify the System Providers to inhibit the transmission of ticketing records for the printing of such onto ARC Traffic Documents (paper format) by such Agent, and (iii) prohibit the use of ARC traffic document numbers by the System Providers for the issuance of ARC Traffic Documents

(electronic format) on behalf of such Agent, and so notify the Carriers.

(2) Once all amounts Agent owes the Carriers and ARC under this Agreement have been fully paid (including, but not limited to, payment of all Checks drawn by ARC and dishonored by the Agent's bank), and all reports have been submitted, unless there is an outstanding notice of cancellation of the Agent's Financial Guarantee Instrument (or Traffic Documents have been removed pursuant to another provision of the agreement), ARC will resupply the Agent with ARC Traffic Documents in accordance with Section XII.B. Airline Identification Plates will be returned, except the identification plate of any Carrier which has expressly instructed ARC to the contrary, to the Agent and Authorized Agency Locations under common Control with the Agent. ARC will also notify the System Providers that the issuance of ARC Traffic Documents is authorized, unless the Carrier has also taken action to terminate the Agent's appointment pursuant to Section XXIX of this agreement.

(3). Compensatory Fees

A compensatory assessment shall be charged by ARC for each dishonored check for payment of sales reports to defray processing costs associated with the handling of dishonored checks, interest expense and special service costs described in section XI.H.

A compensatory assessment shall be charged by ARC for Unreported and Improperly Reported Sales and failure to timely file sales reports. Such compensatory fee shall defray processing costs associated with the processing and handling of the resolution of Unreported and Improperly Reported Sales and costs attributable to the Agent's failure to timely Submit a Sales Report and special service costs described in Section XI.H.

Not more than one compensatory fee shall be charged the Agent per any given late or missing Sales Report.

The assessments will be calculated and charged by ARC based on a formula approved by the ARC Board of Directors. ARC shall notify the Agent as to the amount

of the charge and the date on which payment will be due. The Agent hereby authorizes ARC to collect the charge by issuing a draft against the bank account maintained pursuant to Section VII.B of the Agreement. Alternatively, the Agent shall make payment directly to ARC if required by the notice.

The Agent will not be liable for a compensatory fee where a malfunction or emergency at (a) ARC, (b) the ARC Link, (c) the Agent's ISP, or (d) the Agent's System Provider prevents the Agent from including all Transactional Data in the Sales Report or submitting the Sales Report on time where the Agent supplies evidence from a System Provider or ISP that the malfunction made it impossible for the Agent to Submit the Sales Report or include the Transactional Data in the sales report. However, once such malfunction or emergency is corrected, a compensatory fee may be charged where the resubmission of such report is not made by the next business day after ARC's notice to the Agent that the report has not been timely received.

For the purpose of this subsection, evidence of timely Submission or resubmission of an electronic (IAR) Sales Report shall be limited to a copy or facsimile of the confirmation screen and number transmitted by ARC to the Agent upon Submission of the Sales Report.

(e) If Agent is unable to Satisfy Debts

- 1) If the Agent does not submit the required Sales Report(s) and provide full payment therefor, or fails to make full payment of all amounts owed to the Carrier or ARC (including, but not limited to, payment of all Checks drawn by ARC and dishonored by the agent's bank), on or before the 31st day after the date of ARC's written notice of a default based on a dishonored draft, Unreported Sale, Improperly Reported Sale, or missing Sales Report, this Agreement shall terminate automatically and without further notice, unless the Agent has surrendered all ARC Traffic Documents (paper format) and airlines identification plates and has ceased to issue ARC Traffic Documents in electronic format and, on or before such 31st day, has provided all missing Sales Reports and made a partial payment in an amount deemed appropriate by ARC, and ARC has determined that the Agent could make full payment if the time

were extended, in which case ARC may extend the time for the Agent to make full payment and avoid termination of this Agreement. Upon termination of the Agreement pursuant to this section, ARC shall notify the Carriers and the System Providers that the Agent's Agreement has been terminated, and that the issuance of ARC Traffic Documents is prohibited. In addition to any amounts due and owing by the Agent under the ARA, Agent shall also

be liable to ARC for any and all attorney's fees and costs actually incurred by ARC for the collection of such sums owing by the Agent. Upon termination of the Agreement under this section, ARC may, in its sole and absolute discretion and without any other separate basis, terminate all agents in common Control with the Agent.

- 2) The full amount to be paid within the 31-day period described above or any extension thereof shall include, but not be limited to, all amounts owed for dishonored checks, Unreported and Improperly Reported Sales, compensatory fees and missing reports, regardless of whether such amounts and/or reports have been specifically identified in the written notice.
- 3) In determining whether or not to extend the time for full payment, ARC will consider the following factors, among others: the cause of the dishonor, Unreported or Improperly Reported Sales, or missing report; the payment schedule proposed; the current financial condition of the Agent; and any proposed remedial action.
- 4) An extension of time on the terms provided in the foregoing paragraphs shall be available to all agents, regardless of size.
- 5) In conjunction with the extension of time provided in the foregoing paragraphs, the Agent may obtain authority from one or more of the Carriers involved to convert the Agent's cash indebtedness to each such Carrier into individually sponsored credit plans, thereby transferring the indebtedness from ARC to such Carrier. Upon receipt of written notice from the Carrier concerned, ARC will modify or withdraw the notice of termination, as appropriate.
- 6) Upon the Agent's compliance with the foregoing paragraphs, ARC shall resupply the Agent with Traffic Documents in accordance with Section XII.B hereof and

the Carriers may, in their individual discretion, supply or authorize ARC to return to the Agent the Airline Identification Plates. In addition, ARC will notify all System Providers that the Agent may issue ARC Traffic Documents, and the Carriers may, in their individual discretion, notify the System Providers, if action is to be taken pursuant to Section XXIX.

f. Each Agent to whom notice of financial or reporting irregularity is sent pursuant to Section VIII.D.1.a, b or c of this Agreement shall cause to be executed and filed with ARC the original of a "Personal Guaranty of Performance of Agent's Agreement" as set forth in Section V, attachment C, to the Agreement. Such execution and filing shall be a condition precedent to an agent's right to use ARC Traffic Documents and Airline Identification Plates in the sale of air transportation and/or ancillary services.

2. This subsection governs insufficient settlement authorization amounts.
  - a. If ARC determines that the amount authorized by the Agent is less than the amount owed the Carriers for the transactions issued during the Sales Report Period, ARC will notify the Agent of the amount due and request immediate payment.
  - b. If the Agent fails to timely pay all amounts owed, ARC shall take such action as it deems appropriate under the circumstances.

#### **E. Payment of Carrier Debit Memos**

1. If the Agent fails to pay a Debit Memo sent to it by a Carrier or is otherwise in default to a Carrier under this Agreement, excluding liability for stolen ARC Traffic Documents or identification plates under Section XI hereof, the Carrier may:
  - a. Terminate its appointment of the Agent, by notice in writing to the Agent, with such notice taking effect on the date specified therein, and withdraw its Airline Identification plate; or
  - b. Withdraw from the Agent its Airline Identification plate.
2. If any Carrier which has deposited a general concurrence for the appointment of all agents invokes paragraph E.1.a of this section, it may so notify ARC. Upon receipt of such notice, ARC will immediately notify all Carriers and the System Providers.

#### **F. Failure To Maintain Proper Bond, Letter of Credit or Cash Security Deposit (Financial Guarantee Instrument)**

1. Upon cancellation of the Agent's Financial Guarantee Instrument ARC will immediately so notify all Carriers and the Agent, and will (i) withdraw all ARC Traffic Documents (paper format) and Airline Identification Plates supplied to the Agent, (ii) notify the System Providers to inhibit the transmission of ticketing records for the printing of such onto ARC Traffic Documents (paper format) by such Agent, and (iii) prohibit the use of ARC traffic document numbers by System Providers for the issuance of ARC Traffic Documents (electronic format) on behalf of such Agent provided, however, that as a temporary measure to avoid these events, the Agent may assign, in a form acceptable to ARC, a Certificate of Deposit in the amount required for a Financial Guarantee Instrument pursuant to Section IV.A.1.a of this Agreement. The effective date and acceptance by ARC of such assignment shall be no later than the date of cancellation of the Financial Guarantee Instrument and shall be accepted by ARC as a substitute for a period not to exceed thirty days from the date of the cancellation.

Unless the Agent provides to ARC a proper replacement Financial Guarantee Instrument in the required form and amount, within 30 days after the cancellation, ARC will terminate this Agreement. Upon termination of the Agreement pursuant to this section, ARC shall notify the Carriers and the System Providers that the Agent's Agreement has been terminated, and that the issuance of ARC Traffic Documents is prohibited.

2. If ARC determines that the Agent has failed to change the form, or adjust the amount of its Financial Guarantee Instrument as required by Section IV.A.3 of this Agreement, ARC may apply to the Arbitrator for an emergency authorization to (i) remove ARC Traffic Documents (paper format) and the Airline Identification Plates from the Agent, and (ii) notify the System Providers to inhibit the transmission of ticketing records for the printing of such onto ARC Traffic Documents (paper format) by such Agent, and (iii) prohibit the use of ARC traffic document numbers by System Providers for the issuance of ARC Traffic Documents (electronic format) on behalf of such Agent, and to so notify the Carriers.

#### **G. Failure To Report Transactions Electronically**

If the Agent reports, or continues to report, transactions that can be processed electronically by any means other than electronically, the following shall apply:

1. ARC will notify the Agent of its noncompliance and request that transactions be submitted electronically.

2. Continued noncompliance after notification will result in ARC taking appropriate action consistent with Section XXIII of this Agreement.

## Section IX: Additional Operating Requirements

- A. The Agent shall be subject to the requirements of this section when, during any twelve (12) month period,
  1. Three or more of the Agent's Checks for Sales Reports have been dishonored and ARC has not received immediate reimbursement for such upon demand by ARC; or
  2. Three or more of the Agent's Sales Reports have not been submitted by the next business day after notice to the Agent from ARC and such Sales Reports are ultimately submitted, prior to the termination date of this Agreement ; or
  3. The Agent has been declared in default pursuant to Section VIII.D of this Agreement (and the default includes a failure or refusal to surrender all ARC Traffic Documents (paper format) and Airline Identification Plates) but such declaration is withdrawn prior to the Agent's termination.

For the purposes of Section IX, evidence of timely Submission or resubmission of a Sales Report shall be limited to a copy or facsimile of the IAR confirmation screen and number.

A late Sales Report for an IAR location shall not be considered late for the purposes of this section (i.e., count as a "Section IX violation") where a malfunction or emergency at (a) ARC, (b) the ARC Link, (c) the Agent's ISP, or (d) the Agent's System Provider prevents the Agent from timely submitting a Sales Report. However, once such malfunction or emergency is corrected, the Sales Report may be considered a Section IX violation where the resubmission of such report is not made by the next business day after ARC's notice to the Agent that the report has not been timely received. In order for the Agent to be relieved of a Section IX violation for a missing or late Sales Report resulting from a malfunction or emergency at the Agent's ISP or System Provider, the Agent must supply evidence from the ISP or System Provider that the failure prevented the Agent from timely reporting the sales.

For the purpose of this section, in order to demonstrate that it was "prevented" from submitting the Sales Report on time because of a malfunction listed above, the Agent must demonstrate that it was

not possible to Submit the Sales Report timely because of the malfunction.

- B. ARC will provide the Agent with 45 days advance written notice of the effectiveness of this section, which notice shall also be provided to the Carriers. The notice will also inform the Agent that the following must be accomplished prior to the effective date of the section:
  1. The Agent must provide a Financial Guarantee Instrument, in the required form and in an amount equal to or greater than its net cash remittances for a current 10-week period. The instrument may be a rider or amendment to the existing Financial Guarantee Instrument; will be calculated to take into account the amount of the existing Financial Guarantee Instrument; and, must conform in all other respects to the provisions of Section IV.A.
  2. Any pending application(s) for an additional approved location will be withdrawn by Agent, and ARC will reject and return to Agent any such application submitted while the Agent is subject to this section.
  3. The Agent must provide the original of a "Personal Guaranty of Payment and Performance" in accordance with Section IV.A.4 and attachment C hereto.
  4. The Agent must execute and deliver to ARC a cushion Agreement in the form prescribed by ARC.
- C. If the Agent is not in compliance with the provisions of Section IX.B as of the effective date of this section, or at any time during the period of its effectiveness, ARC will terminate this Agreement with the Agent and notify the Carriers and the System Providers that the Agent's Agreement has been terminated and that the issuance of ARC Traffic Documents is prohibited.
- D.
  1. If, following the effectiveness of this section, and Agent's compliance with the provisions of Section IX.B., there are no instances of dishonored drafts, missing reports, or defaults within a twelve (12) month period, the additional operating requirements of this section shall be removed, and the Carriers shall be notified.
  2. Alternatively, if there is an additional dishonored draft, missing report, or default, ARC will file a complaint, pursuant to Section XV.B., seeking the removal of the Agent from the ARC List.
- E. The Agent may appeal ARC's determination that it is subject to this section to the Travel Agent Arbitrator. During the pendency of the appeal, which shall be given expedited consideration, this section will continue to apply to the Agent unless or until removed by the Travel Agent Arbitrator or the Agent's compliance with Section IX.D.1.

## Section X: Refund or Exchange of ARC Traffic Documents

- A. The Agent may refund any fare or charge applicable to air transportation only if sold by the Agent hereunder and for which the Agent has issued an ARC traffic document. The Agent shall make refund only to the Person authorized to receive the refund and in accordance with tariffs, rules, regulations, and instructions issued by the Carrier.
- B. The Agent, without the authority of the ticketing Carrier whose ARC traffic document is to be issued, shall not:
  1. issue an ARC traffic document in exchange for any traffic document previously issued by another agent or by a Carrier; or
  2. issue an ARC traffic document in exchange for a traffic document previously issued by that Agent naming another Carrier as the ticketing Carrier.

## Section XI: Liability and Waiver of Claim

- A. The Carrier will indemnify and hold harmless the Agent, its officers, agents and employees from all responsibility and liability for any damage, expense, or loss to any Person or thing caused by or arising from any negligent act, omission or misrepresentation of the Carrier, its representatives, agents, employees, or servants, relating directly or indirectly to the performance of the duties and obligations of the Carrier under this Agreement.
- B. The Agent will indemnify and hold harmless the Carrier, ARC, their officers, agents, and employees from all responsibility and liability for any damage, expense, or loss to any Person or thing caused by or arising from any negligent act, omission, or misrepresentation of the Agent, its representatives, agents, employees, or servants relating directly or indirectly to the performance of the duties and obligations of the Agent under this Agreement.
- C. Unless the Agent is relieved of liability pursuant to this section, the proceeds of the Agent's Financial Guarantee Instrument will be applied to, and the Agent will indemnify and hold harmless the Carrier, its officers, agents and employees, from any and all damage, expense, or loss, on account of the loss, misapplication, theft, forgery or unlawful use of ARC Traffic Documents, ARC-issued numbers or other supplies furnished by or on behalf of the Carrier to the Agent. The Agent shall be relieved of liability for losses arising from the proven theft or unlawful use, except by the Agent or the Agent's employees, of ARC Traffic Documents, ARC-issued numbers or identification plates from the agency premises upon a determination by ARC that the Agent, at the time of theft or unlawful use, exercised reasonable care for the protection of such ARC Traffic Documents, ARC-issued numbers or Airline

Identification Plates, and has, upon discovery, immediately reported the theft or unlawful use to the appropriate law enforcement authorities and has promptly notified ARC of the particulars of such theft or unlawful use by telephone and facsimile or e-mail.

Reasonable care, as used herein, shall include but not be limited to compliance with the safeguards set forth in attachment B to this Agreement. In making the determination specified herein, ARC may rely on the findings of the ARC Field Investigations and Fraud Prevention office or cooperating security officers of Carriers. However, if ARC has filed a complaint with the Arbiter alleging the Agent failed to comply with the safeguards set forth in attachment B of this Agreement, ARC shall rely on the finding of the Arbiter in determining whether or not reasonable care was exercised by the Agent. If ARC determines that the Agent did not exercise reasonable care, ARC shall inform the Agent of the specific details and exact manner in which the Agent failed to exercise reasonable care. The Agent may appeal ARC's determination to the Arbiter pursuant to Section XXIII.

- D. The Agent hereby expressly waives any and all claims, causes of action, or rights to recovery based upon libel, slander, or defamation of character by reason of publication of asserted grounds or reasons for removal from the Agency ARC List or such other action which may have been prescribed, or of alleged violations or other charges for which review of the Agent's eligibility is requested, as is reasonably related to the performance of appropriate functions specified for ARC, its officers and employees, or the Director, Risk Management or his or her delegated representative or the Arbiter.
- E. If ARC uses legal counsel to (i) enforce its right to possession of ARC Traffic Documents (paper format) and Airline Identification Plates, because the Agent failed or refused to surrender them upon demand made pursuant to this Agreement, and/or (ii) to otherwise obtain compliance by the Agent with the provisions of this section, the Agent shall reimburse ARC for all costs incurred by it, and for the reasonable fees of its attorneys, if its action is adjudicated or otherwise resolved in its favor. If its action is adjudicated or otherwise resolved in favor of the Agent, ARC shall reimburse the Agent for all costs incurred by it, and for the reasonable fees of its attorneys, in defending itself against ARC's action. The term "costs" as used herein shall include, but not be limited to, court costs, litigation bond premiums, private investigator fees incurred in attempting to locate Traffic Documents, and locksmith fees.
- F. If ARC uses legal counsel to enforce its right to inspect the Agent's books and records, because the Agent failed or refused to permit an inspection upon demand made pursuant to this Agreement, the Agent shall reimburse ARC for all costs incurred by it, and for the reasonable fees of its attorneys, if its demand is adjudicated or otherwise resolved in its favor. If its demand is adjudicated

or otherwise resolved in favor of the Agent, ARC shall reimburse the Agent for all costs incurred by it, and for the reasonable fees of its attorneys, in defending itself against ARC's demand. The term "costs" as used herein shall include, but not be limited to, court costs and litigation bond premiums.

- G. The Agent hereby agrees to indemnify and hold the Carrier harmless from and against any claim arising from the failure of the Agent to refund to the authorized refund payee the proper amount of fare or other charges collected.
- H. The Agent hereby agrees that whenever an ARC representative must go to an agency or other location to remove ARC Traffic Documents (paper format only), collect funds due hereunder, etc., the Agent will pay the out-of-pocket special service costs incurred by ARC in conjunction with such action.
- I. The Agent assumes liability for use, misuse or unauthorized use of the Agent's Security Devices supplied by ARC, whether created by the Agent or by ARC at the request of the Agent. The Agent shall indemnify, defend and hold harmless ARC, its owners, directors, officers, employees, representatives and participating Carriers, from injury or damage to any Person, property or entity including, but not limited to, the Agent, resulting from any such use, misuse or unauthorized use of the Agent's Security Devices.

## **Section XII: Delivery and Withdrawal of Traffic Documents and Identification Plates**

- A. The Agent may procure, at no expense to ARC, one or more validator machine(s) for use at each place of business covered by this Agreement in the issuance of ARC Traffic Documents (paper format).
- B. Upon receipt of a proper request from the Agent and payment by the Agent of any and all applicable fees and costs therefore in the form and amount prescribed from time to time by ARC, ARC will supply the Agent with ARC Traffic Documents (paper format) for issuance to the Agent's clients to cover transportation and ancillary services purchased. The payment of any fee or cost associated with the requisition by the Agent and delivery by ARC of ARC Traffic Documents shall not give rise to any right of ownership in such ARC Traffic Documents. The terms governing the Agent's security of ARC Traffic Documents while they are in the Agent's possession, and the manner in which ARC Traffic Documents may be issued and must be accounted for are set forth under this Agreement and the incorporated Industry Agents' Handbook.
- C. After receipt of notice from ARC that an agency location has been included on the ARC List, any Carrier may deliver to such Agent Airline Identification Plates for use at an Authorized Agency Location in the issuance of ARC

Traffic Documents (paper format) in a validator machine and such Identification Plates shall not be used at any other place of business. Such Airline Identification Plates shall remain the property of the Carrier, and shall be returned to it upon demand or upon the termination of this Agreement as between the Agent and Carrier.

- D. All ARC Traffic Documents (including ARC-issued numbers used in an electronic format) supplied to the Agent shall be held in trust for ARC by the Agent until issued to the Agent's clients to cover transportation or ancillary services purchased, or until otherwise satisfactorily accounted for to ARC or the Carrier, and shall be surrendered upon demand, together with all Airline Identification Plates, to ARC pursuant to this Agreement. This Agreement shall not confer upon the Agent, nor shall the Agent otherwise be deemed to have, any ownership interest in any ARC Traffic Documents (including ARC-issued numbers used in an electronic format), Airline Identification Plate, or any other transactional information or data supplied to Agent by ARC under this Agreement.
- E. ARC Traffic Documents (paper format) supplied for issuance at a specified place of business covered by this Agreement shall not be written up or validated at any other place of business. ARC Traffic Documents (paper format) shall not be delivered to customers at or through any other agency location outside the United States, or customer-premises location without written approval by ARC.
- F. The Agent shall not accept custody of, or deliver, blank, prevalidated, or partially written ARC Traffic Documents (including ARC-issued numbers used in an electronic format) not previously assigned to it under this Agreement. Should the Agent be approached by another agent to distribute blank, prevalidated, or partially written, ARC Traffic Documents (paper format), or to distribute ARC Traffic Documents not provided to it through the System Provider (electronic format), the Agent shall immediately notify the ARC Director, Risk Management.

## **Section XIII: Custody and Security of Traffic Documents and Identification Plates**

During its custody and control of ARC Traffic Documents, ARC-issued numbers and Airline Identification Plates, the Agent shall comply with the security rules for such as specified in attachment B of this Agreement.

## **Section XIV: Inspection and Retention of Agent Records**

- A. The Agent shall retain, in a durable and readily available, accessible, and readable medium, either on paper or from which a legible paper copy may be readily produced, for a period of at least two years from the date upon which the

Sales Report was due to be submitted to ARC a copy of each IAR exception report, as applicable. Further, the Agent shall retain, for at least two years, its original paper copy of (1) all voided Traffic Documents, (2) all Universal Credit Card Charge Forms (UCCCFs) and (3) all supporting documentation as more expressly stated in the *Industry Agents' Handbook*, or as otherwise indicated to the Agent by ARC including, but not limited to, debit and Credit Memos, AADs, PTA refund documents, discount certificates and vouchers, value coupons associated with refunds, exchanges and voids, Traffic Documents as well as other documents which ARC or a Carrier may require. The Agent shall also retain, for at least two years, its original paper copy of all agent coupons for manual Traffic Documents. For these documents (UCCCFs and other supporting documentation), the two-year period shall be measured from the ending date of the Sales Report Period during which the transaction evidenced by the documentation occurred. The Agent shall also print, store, and/or copy the information from each confirmation screen generated for each Sales Report as described in section VIII.A.5 and store such information for at least 120 days after the confirmation is generated.

Upon request by the Carrier, the Agent must send (a) any and all supporting documents, as listed above, or (b) information derived therefrom, at the Carrier's discretion, to the Carrier via the return method specified by the Carrier within five (5) business days of the date the Carrier sent the request. Failure of the Agent to do so may result in the Agent being liable for the transaction to which the documentation relates. If a return delivery method other than fax or U.S. mail is specified by the Carrier, the Carrier shall bear the cost of such delivery method.

[OFFICIAL COMMENTARY: Agents are required to store supporting documents, including refunded, reissued, and exchanged Traffic Documents. Because such documents can be used for Carrier transportation and ancillary services, it is recommended that Agents exercise caution in storing, as well as permitting access to, these documents. The Agent shall clearly mark all such Traffic Documents as void, exchanged or refunded to prevent unauthorized use or reissuance thereof.]

- B. The Agent recognizes and agrees that ARC and its designees are authorized to represent ARC and the Carriers for purposes of inspecting the books and records of the Agent pursuant to this Agreement. In making such inspections, they may seek to determine whether the Agent is in full compliance with the provisions of the Agreement. Books and records shall be opened for such inspection upon reasonable notice and the authorized representatives shall have authority to make such notes and copies as they deem appropriate.

- C. The Agent will be apprised of the purpose or occasion for such examination, and will be obligated to provide only those documents material and relevant to the examination, that are requested by the authorized representative. ARC shall, upon written request by the Agent, provide a copy of any written report prepared by the ARC representative who has completed an inspection of the books and records of such Agent.
- D. A Carrier may examine the Agent's records with respect to ARC Traffic Documents issued by the Agent on behalf of such Carrier at any time.

## Section XV: Reviews of Qualifications of and Breaches by Agent

- A. In situations such as the following, in which it appears to ARC that there may be or has been fraudulent conduct on the part of the Agent and that there is a clear and present danger of substantial loss to ARC and/or the Carriers, ARC may (i) immediately remove its Traffic Documents (paper format only) and all Airline Identification Plates from the Agent, and so notify the Carriers, (ii) notify the System Providers to inhibit the transmission of ticketing records for the printing of such onto ARC Traffic Documents (paper format) by such Agent, and (iii) prohibit the use of ARC traffic document numbers for the issuance of ARC Traffic Documents (electronic format) by System Providers on behalf of such Agent and all agents under common Control with the Agent:
1. Failure to include in a report all ARC Traffic Documents (paper or electronic format) issued through the close of the Sales Report Period, even though payment was subsequently made upon demand;
  2. Issuance of ARC Traffic Documents (including Traffic Documents issued for Travel Agent Service Fees (TASFs) and other transactions) against a credit card without the cardholder's authority, or against a stolen or otherwise fraudulent credit card;
  3. Post-validation of ARC Traffic Documents; alteration of the issuance date on ARC Traffic Documents; or consistent or extensive reporting of sales in which ARC Traffic Documents have been issued out of numerical sequence;
  4. Failure to account for missing ARC Traffic Documents or for flight, exchange, or service coupons thereof;
  5. Permitting blank, prevalidated, or partially written ARC Traffic Documents (paper format), or ARC-issued numbers (electronic format) to be removed from the Authorized Agency Location for issuance elsewhere;

6. Permitting alteration, omission, or other falsification on coupons of original ARC Traffic Documents or on any reissue thereof;
7. Falsification of reports, Traffic Documents, or other documents;
8. Acceptance or custody of, or delivering, blank, prevalidated, or partially written ARC Traffic Documents (paper format) or ARC-issued numbers (electronic format) not previously assigned to it under this Agreement;
9. Distribution, sale or issuance of ARC Traffic Documents (paper format) or ARC-issued numbers (electronic format) which the Agent knew, or reasonably should have known, were stolen or reported as missing;
10. Reporting cash refunds against sales made on credit cards;
11. Permitting the unlawful or unauthorized access or use of an airline or System Provider computer reservations system owned, leased or Controlled by it in connection with the issuance of ARC Traffic Documents;
12. Without the authority of the ticketing Carrier on which the ARC traffic document is issued, (a) issuing an ARC traffic document in exchange for any traffic document previously issued by another agent or by a Carrier, or (b) issuing an ARC traffic document in exchange for a traffic document previously issued by the Agent naming another Carrier as the ticketing Carrier;
13. Engaging in a pattern of potential “bust-out” activity, such as a sudden, sharp fluctuation of sales, which, along with other relevant information, indicates to ARC that the Agent is engaging in fraud;
14. Issuing, writing up, or otherwise producing duplicate or invalid Credit Memos or other supporting documents, e.g., vouchers and/or credit certificates;
15. In the absence of specific permission of the Carrier, (a) using any credit card which is issued in the name of the Agent, or in the name of any of the Agent’s personnel, or in the name of any third party, for the purchase of air transportation for sale or resale to other persons, or (b) including in a Sales Report or reporting to the Carrier the sale of any air transportation as a credit card transaction where at any time the Agent bills, invoices, or receives payment in cash from the customer for such air transportation;
16. Submitting for refund or reissuance an ARC traffic document or transaction that has been used or has already been refunded or reissued; or
17. Use or misuse of the IAR system that, for example, prevents the proper reporting of all sales or results in Improperly Reported Sales.

The Agent shall thereupon have the right of appeal to the Arbiter on an expedited basis pursuant to procedures established by the Arbiter. Unless, within 10 calendar days after ARC’s demand for ARC’s Traffic Documents and the Airline Identification Plates, (a) an appeal is received by the Arbiter, (b) ARC has received from the Agent all ARC Traffic Documents (paper format) and Airline Identification Plates entrusted to the Agent, and (c) ARC has received from the Agent the original of a properly executed “Personal Guaranty of Payment and Performance,” attachment C of this Agreement, the Agent’s Agreement will be terminated by ARC without further notice. Upon termination of the Agreement pursuant to this section, ARC shall notify the Carriers and the System Providers that the Agreement has been terminated and that the issuance of ARC Traffic Documents is prohibited.

- B. If there is reason to believe that the Agent has breached a provision of this Agreement, ARC may file a complaint against the Agent with the Arbiter.
- C. If the Arbiter so directs, ARC shall remove from the ARC List the Agent or any branch location. After the Agent has been removed from the ARC List, ARC shall terminate the Agreement with the Agent on behalf of all Carriers. Upon termination of the Agreement pursuant to this section, ARC shall notify the Carriers and the system providers that the Agreement has been terminated and that the issuance of ARC Traffic Documents is prohibited.

## **Section XVI: Administrative and Application Fees**

- A. The Agent agrees to pay an administrative fee to ARC for each of its Authorized Agency Locations to defray a portion of the costs associated with the operation of the ARC program as well as half of the costs associated with the operation of the Travel Agent Arbiter Program, Inc. The Administrative Fee shall be comprised of two components: an annual fixed amount for each Authorized Agency Location and a fee for transactions processed through the ASP for each Authorized Agency Location. The transaction fee will be determined by multiplying the fee amount times the number of transactions processed for each of the Agent’s authorized locations during a defined 13-week period (hereinafter referred to as “quarterly”). For purposes of this fee, a transaction shall include sales (auditor’s coupon), refunds, Credit Memos, Debit Memos, exchanges (primary/companion/conjunction), recall commission statements, and Agency Automated Deductions (AADs), or such other transactions as may be

approved by the ARC Board of Directors. The annual fixed amount and the fee amount charged per transaction will be determined by the ARC Board of Directors, and ARC will notify the Agent of the annual fixed amount and the per transaction fee amount for the next ensuing year before the end of the previous calendar year.

### 1. Annual Fixed Amount

- a. The annual fixed amount will be collected by ARC, which will draw a separate Check(s) against the designated account of each Authorized Agency Location with the second Sales Report Period ending in January of the current year or on such other schedule as the Board of Directors adopts.
- b. If payment of the annual fixed amount is not paid when due, and the amount remains unpaid 14 days thereafter, the Agent or Authorized Agency Location involved will be removed from the ARC List. Thereafter, ARC shall terminate the Agreement and withdraw from the Agent all ARC Traffic Documents and Airline Identification Plates and so notify the Carriers. ARC shall also notify the Carriers and the System Providers that the Agreement has been terminated and that the issuance of ARC Traffic Documents is prohibited.
- c. For a newly accredited Agent added to the ARC List during a calendar year, ARC will, following accreditation approval, draw a separate Check against the designated account of each such Agent for the pro-rated annual fixed amount. For an Authorized Agency Location added to the ARC List during a calendar year (i.e., branch or STP), the annual fixed amount will be included with the application fee.

### 2. Transaction Fee

- a. The transaction fee will be assessed and collected on a quarterly basis or for such other assessment period(s) as may be approved by the ARC Board of Directors. This transaction fee will be collected by ARC, which will draw a separate Check against the designated account of each Authorized Agency Location. For Agents undergoing Type IV and Type V ownership changes, ARC will assess and collect a transaction fee from the transferring owner for transactions processed at the Authorized Agency Location up to the effective date of the transfer of ownership. As of the effective date of the ownership transfer, ARC will assess and collect the transaction fee from the new owner of the agency location.

- b. If the separate Check for the transaction fee is not paid, and the amount remains unpaid 14 days thereafter, ARC may file a complaint with the Arbiter seeking an order directing the Agent to pay the transaction fee and may request that the Arbiter assess compensatory costs and interest.
- c. If the transaction fee remains unpaid after the date for payment established in the Arbiter's order, the Agent or Authorized Agency Location involved will be removed from the ARC List. Thereafter, ARC shall terminate the Agreement and withdraw from the Agent all ARC Traffic Documents and Airline Identification Plates and so notify the Carriers. ARC shall also notify the Carriers and the System Providers that the Agreement has been terminated and that the issuance of ARC Traffic Documents is prohibited.

- B. An application filed by the Agent under this Agreement to change its name or location, or ownership shall include therewith a fee as prescribed from time to time by ARC. The amount of such fee shall relate to the administrative expenses in processing the application and expenses incurred in updating the database.

## Section XVII: Special Location Exemptions

[NOTE: The on-site classification in Section XVII.A is applicable only to locations that were classified as such prior to March 15, 2010.]

- A. An agency location may be classified as an on-site location if it meets the following conditions:
  1. The location is on the premises of a single client of the Agent for the primary purpose of providing travel services to that client; it is not intended to serve the general public;

[OFFICIAL COMMENTARY: It is ARC's intent that the Agent primarily serve one client's business needs at this location (for example, one corporate client or one government client), but not be precluded from providing that client's employees with leisure travel counseling and ticketing or from serving other business clients.]

2. The location complies with all requirements for a branch application, except as otherwise noted, although it need not comply with Section IV.B.1, Section IV.C.5, or Section VI.C, X.C.1, or X.A. of Attachment B; and

[OFFICIAL COMMENTARY: ARC recognizes that an on-site location is not engaged in the sale of air transportation to the general public. ARC also envisions that a cubicle may be the actual on-site location, and recognizes that such a location

cannot be locked. Hence, the exceptions from Section IV.C.5 and from Section X.A of Attachment B are provided for. The other exceptions, however, if utilized by the Agent, carry with them the assumption of full and absolute liability for any and all damage, expense or loss at such locations. See also, Section XVII.D.6 below.]

3. The location is or will be staffed by a person meeting the personnel standards of Section IV.B.2 (but that Person may be employed by either the Agent or the client of the Agent);
4. The location is not identified or advertised to the public as, or held out to the public to be, an office for the sale of air transportation or ancillary services on behalf of the air transportation industry. However, signage, identifying the on-site branch location within the premises occupied by the Agent's client, is permitted;
5. If the location is not in compliance with Section VI.C of attachment B, then the Traffic Documents referenced in Sections VI.A.2 and A.3 of Attachment B must be placed in a locked steel container.
6. If the location is staffed by a person employed by the client of the Agent or if the location does not fully comply with Section VI.C or X.C.1 of attachment B, then the Agent assumes full and absolute liability for any and all damage, expense, or loss experienced by any Carrier, its officers, agents, or employees on account of the loss, misapplication, theft, or forgery of ARC Traffic Documents assigned to the location.

[OFFICIAL COMMENTARY: The Agent will, conversely, be relieved from liability if the security container detailed in Section VI.C and the ticket printer referenced in Section X.C.1 are placed in a locked room under its exclusive control, and the ticketing qualifier at the location is employed by the Agent.]

[NOTE: The restricted access (customer premises) classification in Section XVII.B is applicable only to locations that were classified as such prior to March 15, 2010.]

B. An Authorized Agency Location that is not open and freely accessible to the public may be classified as a restricted-access location. A restricted-access location must meet all the requirements provided in this Agreement, including the qualifications in Section IV for inclusion or retention on the ARC List, except for the requirements provided in Sections IV.C.2, 4, and 5.

C. Upon written request to ARC by the Agent, an agency location may be classified as an Electronic Office if it meets all of the following conditions:

1. The location is accredited as an independent entity, home office, branch, restricted-access location, or on-site location;
2. The location issues ARC Traffic Documents in electronic format only (i.e., e-tickets);
3. Except as otherwise noted, an electronic office must meet all the requirements provided in this Agreement, including the requirements in Section IV for retention on the ARC List;
4. The location is not located on the premises of and does not function as a Ticketing Fulfillment (TF) Location;

[OFFICIAL COMMENTARY: A Ticketing Fulfillment ("TF") Location is a branch office location whose purpose is to serve as a centralized ticket printing office for the Agent. No sales activity, such as, but not limited to, travel promotion, counseling and reservations, shall occur at this location. The TF location may not be a Satellite Ticket Printer ("STP") location.]

5. The location does not function as a ticket shipping location for any other branch or Satellite Ticket Printer (STP).
6. The location is or will be staffed by a person meeting the personnel standards of Section IV.B.2;
7. The reservations equipment at the location does not have ticketing system functionality.
8. The location shall not order, issue or store accountable ARC Traffic Documents or Airline Identification Plates. The location need not comply with Part A of Attachment B, but the location must comply with Part B of Attachment B and any other applicable security requirements.

Upon written approval of the request, the agency location shall be classified as an Electronic Office.

D. Upon ARC written approval of request by the Agent, an Agent may be classified as an ARC Verified Travel Consultant (VTC) if it meets all of the following conditions:

1. The Agent has been found to meet the requirements of the VTC program and is eligible to issue specified ARC Traffic Documents in electronic format; and
2. The Agent is accredited as an independent entity location and is not classified as a home office, branch or other accredited location; and

3. The Agent shall not order or store accountable ARC Traffic Documents or Airline Identification Plates and has satisfactorily accounted for all accountable ARC Traffic Documents and Airline Identification Plates; and
4. The Agent has submitted all required transactions in its IAR Sales Report prior to approval as VTC; and
5. The Agent enters into the ARC VTC Agreement.

the proposed owner(s), the Agent, i.e., current owner(s), remain(s) liable for all obligations to ARC and the Carriers that accrue through actions taken at or related to that Agent. ARC shall notify the Carriers and the system providers when an application is received and when an application is approved.

2. If ARC determines that this Agreement has been assigned or transferred, or that ownership of a branch location covered by this Agreement has been assigned or transferred or that 30 percent or more of the ownership in the agency entity has been sold or otherwise transferred and that ARC's written approval for purposes of retention on the ARC List has not been given, ARC may take appropriate action consistent with Section XXIII of this Agreement. In addition to the foregoing, the Agent and unauthorized owner must each provide originals of a "Personal Guaranty of Payment and Performance," in accordance with Section IV.A.4 and Attachment C hereto, which shall be effective until such time as ARC approves, disapproves or rejects an application for change of ownership or such application is withdrawn.
3. For purposes of this agreement, a merger or sale or transfer of all, or substantially all, of the Agent's assets shall constitute an assignment or transfer for which ARC's prior written approval is required as provided herein, if such assets include the Agent's rights and obligations granted in this agreement including, without limitation, the Agent's right to property required to be held in trust.

## Section XVIII: Notices

- A. Except as otherwise provided in this Agreement, any notice which this Agreement explicitly requires to be given in writing shall be sufficient if sent by prepaid telegram, mailgram, mail, electronic mail (e-mail), facsimile or any government licensed delivery service which service provides a shipping receipt, airbill, or documentation of delivery, addressed as the Agent or ARC (as appropriate) shall have designated in writing during the term of this Agreement.

The date of such notice, for the purpose of making calculations with regard thereto, shall be the date such notice was mailed, telegraphed, e-mailed, faxed or placed in the hand of a government licensed delivery service for delivery.

- B. Any notice which this Agreement does not explicitly require to be made in writing shall be sufficient if made by any reasonable means, including, but not limited to, telephone notice or a screen prompt in IAR, or notice on ARC's corporate websites.

## Section XIX

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## Section XX: Transfer or Assignment of Agreement, Deaths Affecting Ownership, Abandonment of Authorized Agency Location, Temporary Closure

### A. Change of Ownership

1. This Agreement may not be assigned or transferred by the Agent without the prior written approval of ARC. Moreover, if 30 percent or more of the ownership of the Authorized Agency Location(s), cumulative, of the Agent have been sold or otherwise transferred (unless such Agent is an entity whose shares are listed on a securities exchange or are regularly traded in an over-the-counter market), ARC's prior approval, for purposes of retention on the ARC List, must be obtained. Until such time ARC enters into an Agent Reporting Agreement with

### B. Disapproval of Change of Ownership

If ARC disapproves an application for a change of ownership, the Carriers and the System Providers shall be notified (the same holds true if an application for approval of a change of ownership is withdrawn and/or returned to the applicant). The applicant may obtain a review of the disapproval by the Arbitrator, in accordance with Section XXIII of this Agreement.

### C. Death of a Sole Proprietor and/or Partner

1. On receipt of information of the death of the sole proprietor of the Agent, or a partner of a partnership or other unincorporated firm, ARC shall notify all Carriers, and may (i) withdraw all ARC Traffic Documents (paper format) and Airline Identification Plates supplied to such Agent, and (ii) notify the System Providers to inhibit the transmission of ticketing records for the printing of such onto ARC Traffic Documents (paper format) by such Agent, and (iii) prohibit the use of ARC traffic document numbers by System Providers for the issuance of

ARC Traffic Documents (electronic format) on behalf of such Agent. In order to preserve the goodwill of the agency as far as possible, ARC may, at the request of the Person entitled to represent the deceased's estate and/or remaining partner(s), enter into a temporary Agreement with such Person(s) acting on behalf of the estate provided that such Person submits a proper Financial Guarantee Instrument in the name of the estate and continues to carry on the agency business at the location covered by such Agreement. The temporary agreement shall be in the same form and have the same effect as this Agreement. ARC shall examine the matter periodically, and, if it considers that conditions so warrant, shall in its sole discretion, terminate the temporary agreement. Upon termination of the temporary agreement, ARC shall so notify the Carriers and the System Providers that the issuance of ARC Traffic Documents, whether in paper or electronic format, is prohibited.

2. If the Person entitled to represent the estate, or with whom the temporary agreement is executed proposes to transfer the temporary agreement to an heir, legatee, or another Person, such proposed transfer shall be deemed a change of ownership, and the procedures set forth in this Agreement and the application agreement and instructions shall apply.

#### **D. Abandonment of Authorized Agency Location**

1. If ARC has cause to believe, based on any reliable indicia of abandonment, closure or changed location that the Agent has failed to keep its Authorized Agency Location open and freely accessible to the public in accordance with Section IV.C.4 (except as provided in Section XVII of this Agreement) and/or the Agent has moved its agency location without prior written notice to ARC (in accordance with Section VI.B of this Agreement), ARC will notify the agent in writing of such breach or breaches. Such notice shall be sent to the address which the Agent shall have designated in writing during the term of this Agreement, by a delivery service which provides a shipping receipt, airbill, or documentation of delivery. If ARC does not receive a written response to such notice on or before the 15th day from the date of such notice, this Agreement shall terminate automatically and without further notice, effective the 16th day from the date of such notice. ARC shall notify the Carriers and the System Providers that the Agreement has been terminated and that the issuance of ARC Traffic Documents is prohibited.

#### **E. Temporary Closure**

1. In the event of a situation beyond the Agent's Control, e.g., fire, flood, illness, ARC may, upon written request by the Agent, permit the Agent to temporarily close its Authorized Agency Location(s), for a period

not to exceed thirty (30) days. The Agent's request must be made within ten (10) days of the closure of the agency location. If circumstances warrant, ARC may approve a request for temporary closure which exceeds thirty (30) days. All requests for temporary closure must be in the form prescribed by ARC and approved by ARC in writing. ARC's approval shall state the temporary closure time period. ARC shall not unreasonably deny any request for temporary closure of an Authorized Agency Location, and the Agent may request the Travel Agent Arbiter to review any such denial.

2. The Agent's bond or letter of credit or Cash Security Deposit shall remain in full force and effect. Agent shall, in accordance with Section VIII of this Agreement, continue to Submit Sales Reports reflecting "No Sales" when the agency location is temporarily closed unless ARC has removed all ARC Traffic Documents and Airline Identification Plates from the Agent during the period of closure, and notified the Carriers and System Providers that issuance of ARC Traffic Documents is prohibited.
3. ARC shall notify the Carriers and the System Providers of the temporary closure of the Agent's authorized location(s), directing that the System Providers inhibit the transmission of ticketing records for the printing of such onto ARC Traffic Documents (paper format) by such Agents, and prohibiting the use of ARC traffic document numbers by System Providers for the issuance of ARC Traffic Documents (electronic format) on behalf of such Agent. When the location(s) are reopened, the Carriers and the System Providers shall be notified.
4. If the agent fails to reopen within the time period approved by ARC, the Agreement with the closed location(s) will be terminated, following 10 days advance notice to the Agent, and ARC shall notify the Carriers and the System Providers, accordingly.

#### **Section XXI**

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#### **Section XXII**

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#### **Section XXIII: Travel Agent Arbiter**

Disputes between the Agent and ARC shall be resolved by the Arbiter in accordance with the rules and procedures promulgated and published by the Arbiter and the decision of the Arbiter shall be final and binding; provided, however, that neither the Agent nor ARC is precluded from seeking judicial relief to enforce a decision of the Arbiter, or to compel compliance with a requirement or prohibition of this Agreement prior to the filing of an answer, or other responsive pleading, in

a proceeding concerning such requirement or prohibition before the Arbiter.

### **Section XXIV: Interpretive Opinion Procedures**

- A. The Agent may, by written submission, request from ARC an opinion of the interpretation or application of an ARC resolution or a provision of an ARC Agreement which may affect travel agents in their role as agents for Carrier parties to the ARC Carrier Services Agreement. The following guidelines will apply to such a request:
1. ARC must answer the request within fifteen (15) days of its receipt;
  2. The opinion shall relate only to the Agent and the specific question(s) raised in the request; and
  3. Unless the Agent seeks appeal of the opinion as hereinafter provided, the request and opinion shall not be circulated to any other Person.
- B. The Agent seeking appeal of an opinion rendered above may by written submission to ARC, place on the agenda of the next ARC Board of Directors meeting, a request for the review of the opinion. The Board's decision shall be reported in the Minutes of the meeting, and a copy of the decision shall be promptly provided to the Agent.

### **Section XXV: Memorandum of Agreement and Alternative Means of Agent Concurrence**

ARC may prepare a memorandum of agreement, execution of which binds ARC and the Agent, and the Carriers appointing the Agent, to the terms and conditions of this Agreement. The memorandum of agreement shall be executed in duplicate. The Agent's copy shall be attached to its copy of this Agreement and the second copy will be returned to, and retained by, ARC. Alternatively, the Agent's concurrence in the terms and conditions of this Agreement may be obtained through an electronic signature; may be deemed to have occurred upon the Agent's performance under the Agreement, following advance notice, as of a fixed date; or, may be obtained or deemed to have occurred by any other means adopted by the ARC Board of Directors, such as via the entry of an electronic security device, such as a personal identification number (PIN), which means is performed by the Agent after such adoption.

### **Section XXVI: Amendment of this Agreement**

- A. ARC, in discharging the responsibility of notice, will make available each future amendment to this Agreement to the Agent not less than forty-five (45) days prior to the effective date of the amendment, unless otherwise specified. If this Agreement is subject to termination such termination will occur, without regard to whether an

amendment alters any provision related to the basis for the termination.

- B. The Agent's performance under this Agreement, including, but not limited to the submission of a Sales Report to ARC, following the effective date of any amendment to the Agreement shall constitute conclusive evidence of the Agent's intention to be bound by and in concurrence with the terms of this Agreement, as amended.

### **Section XXVII: Assurance of Nondiscrimination (Effective only as between the Agent and each U.S. Carrier; not effective as between the Agent and ARC, itself) and Compliance with Applicable Laws**

- A. In accordance with the Air Carrier Access Act of 1986 and 14 C.F.R. Part 382, the Agent shall not discriminate on the basis of handicap in performing services for air Carriers subject to said Act, and the Agent shall comply with directives of the air carrier Complaints Resolution Officials issued pursuant to 14 C.F.R. Part 383.
- B. In collecting, processing and transmitting any personal data, including, specifically, credit card information, the Agent shall
1. treat the data in a secure and confidential manner, disclosing it only to those to whom it is contractually bound to do so; and
  2. consent to an inspection by ARC, as described in Section XIV.B in the event of a data security breach.
- And also comply with all applicable national and local laws including, without limitation, where the transaction is subject to European Union law or if required by other applicable data protection laws the delivery of a notice to the individual disclosing:
3. that the personal data collected by the Agent will be supplied by the Agent to ARC for purposes of carrying out the contract between the data subject and any relevant carrier;
  4. that the individual may contact ARC's Customer Support Center to request a copy of the personal data that is held by ARC with respect to such individual and to request whether or not ARC will amend, modify, correct or delete of such personal data; and
  5. the website address of ARC where a copy of ARC's privacy policy may be found.

## Section XXVIII: Effectiveness

- A. This Agreement shall become effective as between the Agent and ARC on the date stated on the memorandum of agreement. Amendments to the Agreement shall be effective on the date stated in the notice of the amendment provided and published by ARC. Consistent with Section XXVI.B of the Agreement, the Agent acknowledges its agreement to be bound by such amendments as of such effective date and such agreement shall be evidenced by its continued performance under the Agreement, without further requirement of an acknowledgement in writing as provided by Section XXVI.
- B. This Agreement shall be effective as between the Agent and each Carrier which has, or hereafter may have, issued an appointment to the Agent. This Agreement shall have the same force and effect between the Carrier and the Agent as though they were both named in, and had subscribed their names to, the memorandum on the date appearing thereon.

## Section XXIX: Termination

- A. This Agreement may be terminated as between the Agent and ARC, and between the Agent and all Carriers jointly, at any time by notice, in the form prescribed by ARC subject to a full and complete accounting in accordance with this Agreement.
- B. Whenever under the terms of this Agreement ARC is required to remove the Agent or its branch location from the ARC List, ARC will terminate this Agreement with respect to the Agent or location, respectively.
- C. Upon termination as between the Agent and ARC, and between the Agent and all Carriers jointly, all unused ARC Traffic Documents (paper format) and Airline Identification Plates shall be immediately returned, together with all monies due and payable to the Carriers hereunder, and a complete and satisfactory accounting rendered. ARC may designate a representative to remove all ARC Traffic Documents (paper format) and Airline Identification Plates from the Agent.

In addition to the foregoing, upon termination as between the Agent and ARC, and between the Agent and all Carriers jointly, upon request by ARC the Agent must return to ARC all supporting documents as listed in Section XIV, above, which are less than or equal to two years of age as of the date of termination, such age to be calculated from the ending date of the Sales Report Period during which the transaction evidenced by the supporting documents occurred. Additionally, upon request of a Carrier, the Agent must provide all such supporting documents pertaining to transactions issued on the requesting Carrier. ARC may designate a representative to remove all ARC Traffic Documents (paper format) and Airline Identification Plates from the Agent. In the interim

and/or until returned or destroyed in a secure manner, all supporting documentation containing personal data, e.g., credit card information shall be maintained in a secure and confidential manner.

- D. Whenever this Agreement is terminated pursuant to paragraph A or B above, ARC shall notify all Carriers and advise them of the effective date thereof. ARC shall also notify the System Providers that the issuance of ARC Traffic Documents, whether in paper or electronic format, is prohibited. Additionally, the Agent shall cease any and all use of its code number(s) for purposes related to the issuance of ARC Traffic Documents.
- E. A Carrier appointment may be terminated as between the Agent and any individual Carrier at any time by notice in writing from one to the other.
  - 1. A Carrier which has deposited with ARC a concurrence for appointment of all agents may terminate its appointment of the Agent by notifying the Agent by prepaid telegram, mailgram, mail, or any government licensed delivery service which provides a shipping receipt, air bill or documentation of delivery (e.g., an overnight delivery service such as Airborne Express, Federal Express, UPS, etc.), with notification, in whatever manner (e.g., e-mail) or form the Carrier deems appropriate, to ARC, such notice to be distributed by ARC to all Carrier participants, that the Agent shall not represent that Carrier. ARC shall also notify the System Providers that the Agent's Agreement with the Carrier is terminated. The System Providers shall inhibit the printing of ARC Traffic Documents validated with such Carrier's identifier as well as the generation of such ARC Traffic Documents in an electronic format. Upon receipt of notice from a Carrier that its Agreement with the Agent has been reinstated ARC shall so notify the Carriers and the System Providers.
  - 2. A Carrier which issues specific certificates of appointment under Section V hereof may terminate its appointment of the Agent by notifying the Agent by prepaid telegram, mailgram, mail or any government licensed delivery service which provides a shipping receipt, air bill or documentation of delivery (e.g., an overnight delivery service such as Airborne Express, Federal Express, UPS, etc.) with notification in whatever manner (e.g., e-mail) or form the Carrier deems appropriate to ARC that the Agent shall not represent that Carrier. ARC shall notify the System Providers that the Agent's Agreement with the Carrier is terminated. The System Providers shall inhibit the printing of ARC Traffic Documents with such Carrier's identifier as well as the generation of such ARC Traffic Documents in an electronic format. Upon receipt of notice from a Carrier that its Agreement with the Agent has been reinstated, ARC shall so notify the System Providers.

- F. Termination shall take effect immediately upon receipt of notice, or upon the date indicated therein, whichever shall be later, subject to the fulfillment by each of the parties of all obligations accrued prior to the effective date of such termination. This includes the Agent's obligation to account for all sales and transactions issued on ARC Traffic Documents and to remit payment therefore. Upon termination of the Agent's Agreement, in the event Agent fails to fulfill its obligations, the Agent hereby authorizes ARC to Submit the Agent's IAR Sales Reports that have not previously been submitted by the Agent and draft the Agent's bank account designated for ARC drafts for the amounts owed for such Sales Reports.
- G. ARC shall be considered a real party in interest in any cause of action, suit, or arbitration (hereinafter collectively "action") to enforce the terms of this Agreement, including any action brought by ARC, after the termination of this Agreement by ARC or the Agent, to collect amounts due the Carriers or ARC by the Agent.

### **Section XXX: Other Agreements Superseded**

This Agreement shall supersede any and all prior agreements between the Agent and any Carrier party to the Carrier Services Agreement concerning the issuance of ARC Traffic Documents for such party, including the Air Traffic Conference of America Passenger Sales Agency Agreement, except with respect to rights and liabilities thereunder existing at the date hereof.

### **Section XXXI: Choice of Law**

This Agreement shall be construed in accordance with, and governed by, the laws of the Commonwealth of Virginia. Agent agrees that the State and Federal courts of the Commonwealth of Virginia shall have personal jurisdiction over all collection matters arising under this Agreement in which Agent is involved.

### **Section XXXII: Security Devices**

- A. ARC shall supply to the Agent Security Devices so the Agent may transact business with ARC or access ARC's electronic services or systems. The Agent must use the

Security Devices supplied by ARC to create, for example, Usernames, including Usernames with administrator privileges, etc. All such Security Devices shall serve as the Agent's authentication, authorization and verification of all Transactional Data transmitted to ARC and/or the Carriers. The Agent shall comply with all ARC instructions and rules concerning the Security Devices that ARC provides and updates from time to time.

- B. The Agent's use of such Security Devices shall have the same force and effect as a handwritten signature, shall bind the Agent for all purposes and shall be deemed admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. The Agent agrees not to contest the validity or enforceability of electronic transactions confirmed with the Agent's Security Devices.
- C. All Security Devices, whether created by Agent or by ARC at the request of the Agent, are confidential and shall be maintained by the Agent as confidential. The Agent will not disclose its Security Devices to anyone who is not authorized to act on its behalf. Disclosure of such devices to other Persons may compromise the security of confidential financial, transactional, passenger, and Agent data provided to ARC and/or the Carriers.
- D. The Agent assumes liability for use, misuse or unauthorized use of the Agent's Security Devices supplied by ARC, whether created by the Agent or by ARC at the request of the Agent. The Agent shall indemnify, defend and hold harmless ARC, its owners, directors, officers, employees, representatives and participating Carriers, from injury or damage to any Person, property or entity including, but not limited to, the Agent, resulting from any such use, misuse or unauthorized use of the Agent's Security Devices.
- E. The Agent shall immediately notify the ARC Customer Support Center at ARC's headquarters if the Agent believes that any one of its Security Devices has been lost, stolen, misused, misappropriated or otherwise compromised. Notwithstanding the foregoing, notification to ARC shall not relieve Agent of its obligations hereunder.



## Agent Reporting Agreement

### Non-Air Transportation Travel-Related Products Sales Through ARC

WHEREAS, Agent and ARC desire to facilitate the sale of non-scheduled passenger air transportation, travel-related products (e.g., theme park tickets) by Agent using ARC Traffic Documents, with ARC as the ticketing Carrier, processed through Agent's Sales Report; and

WHEREAS, ARC and various Vendors (e.g., theme parks) of non-air transportation, travel-related products (e.g., theme park admission tickets) have entered into independent agreements for the purpose of facilitating the sale, by Agent, of those various non-air transportation, travel-related products.

In consideration of the foregoing premises, and for all sales of non-air transportation, travel-related products where ARC has advised Agent that ARC shall be designated as the ticketing Carrier, Agent acknowledges, understands, and agrees that ARC shall be entitled to all of the rights of an ARC-participating Carrier (i.e., Carrier Services Agreement signatory) under the Agent Reporting Agreement ("ARA") and that all ARA provisions shall apply to ARC as if it were a Carrier under that Agreement with the following amendments, modifications, or clarifications:

Section V.A shall apply to ARC such that ARC shall be a general concurrence Carrier;

Section VII.G is hereby amended to include not only ARC-issued instructions, but also all instructions issued by or on behalf of any Vendor participating in this program;

For purposes of Section XIV of the ARA, Section XIV.B shall control where ARC is not the ticketing carrier; Section XIV.D shall control where ARC is the ticketing carrier;

Section XXI of the ARA shall not apply to ARC;

Section XXII of the ARA shall not apply to ARC; even though ARC may appear as the ticketing carrier, remuneration between an Agent and Vendor (e.g., theme park) of non-air transportation, travel-related products shall be determined solely by the Vendor, or by mutual agreement by the Vendor and the Agent;

Section XXIX.E of the ARA is hereby modified such that ARC may terminate Agent's participation in this program (i.e., sale of non-air transportation, travel-related products where ARC is to be the validating carrier) for any breach of the ARA, including its Attachments, Supplements, or failure to comply with any ARC or Vendor-issued instructions related to or arising out of the use of ARC Traffic Documents for non-air transportation, travel-related products where ARC is to be validated as the ticketing carrier. Nothing in this Attachment shall inhibit, or in anyway interfere with, termination of Agent in accordance with the terms of the ARA.

**Attachment B****Agent Reporting Agreement  
Security Rules for ARC Traffic Documents  
and Airline Identification Plates****Part A: ARC Traffic Documents (Paper Format)****Section I: Nature and Purpose**

These rules have been developed by ARC to govern the security of its Traffic Documents and the Airline Identification Plates provided to approved ARC travel agents. Adherence to the rules protects an approved travel agent in two ways. First, compliance with all the rules means that a travel agent will not be held liable by ARC or the airlines for usage of Traffic Documents in the event of a theft (including shoplifting, robbery, burglary, etc.) of the documents, except by the travel agent or its employees. Conversely, non-compliance with the rules means that the travel agent will not be absolved from liability by ARC for usage in the event of such theft. Second, Visible adherence to the rules will act as a deterrent to criminals, who in many cases will inspect an agency location before deciding to carry out the crime. An obviously secure premises and sound business operation will deter the potential criminal, and prevent the problems the travel agent inevitably has to deal with following a criminal occurrence.

**Section II: Applicability**

These rules apply to what are classified by ARC as accountable documents which are as follows:

- 4-flight manual tickets;
- Automated Ticket/Boarding Pass (ATBs); and
- Prepaid Ticket Advice (PTAs).

All other documents supplied by ARC to travel agents are classified by ARC as non-accountable documents and are not subject to these rules.

The rules govern the following:

- ⇒ the total amount of documents a travel agency location may have at any one time, i.e., its total inventory (see Section III below);
- ⇒ special inventory provisions for travel agents and agency locations on the list of ARC-approved agents for six months or less (see Section IV below);
- ⇒ the amount of documents a travel agency location may order from ARC (see Section V below);

- ⇒ the amount of documents a travel agency location may have on its premises (see Section VI below);
- ⇒ the storage of the remaining documents off-premises, i.e., reserve supply storage (see Section VII below);
- ⇒ exceptions where travel agency locations have sufficient security and may store all documents on premises (see Section VIII below);
- ⇒ storage of Airline Identification Plates (see Section IX below); and,
- ⇒ the security of the travel agent's approved location and operations (see Section X below).

**Section III: The Amount of Documents That an ARC-Approved Location May Have in Inventory at Any One Time**

- A. The Agent may maintain a three-month supply of Traffic Documents, for each Authorized Agency Location, based on its past usage and shipment history.
  1. The actual amount of ARC Traffic Documents an Agent may order shall be automatically determined by the ARC Document Ordering System and shall be made available to the Agent upon accessing the System.
- B. If, as a result of extraordinary circumstances, such as physical damage to the Traffic Documents held in inventory, or the planned movement of a large tour group, a travel agency location requires inventory in addition to that provided for above, the Agent may submit a written request for additional supplies, describing the reasons why such added inventory is required and stating the amount required. Based upon usage and/or number of locations, etc., an upward or downward adjustment may be made by ARC. ARC may request additional information from the agent to evaluate need for Traffic Documents.
- C. The Agent shall complete and submit the Affidavit for Accountable Traffic Document Destruction/Return in the form prescribed by ARC when the Agent is returning or accounting for Traffic Documents and/or when Traffic Documents have been destroyed.

## Section IV: Special Inventory and Security Requirements for Travel Agents and Agency Locations on the List of ARC-Approved Agents for Six Months or less

A. Should it elect to pay for and receive them, a travel agent approved by ARC may order no more than the following as its initial supply of Traffic Documents :

- 1 box of Automated Tickets
- 1 box, or mailing unit, of Manual Tickets
- 1 box, or mailing unit, of PTAs

## Section V: The Amount of Documents That May Be Ordered from ARC

A. The amount of ARC Traffic Documents that may be ordered shall be determined automatically by ARC allocation amount which will be made available to the Agent through the Document Ordering System.

B. A non-automated travel agent location may not order automated tickets. To be reclassified as an automated location, the travel agency should refer to applicable instructions in the *Industry Agents' Handbook*.

## Section VI: The Amount of Documents an Agency Location May Have on its Premises

A. Of its allowable inventory, an automated agency location may have the following on its premises:

1. One (1) box of automated tickets (or alternatively, up to 1000 ATB automated ticket coupons) in use in each ticket printer.

[**Note:** A ticket printer is "in use" if it is (1) operational, (2) presently connected to the agency System Provider/Ticketing System, (3) currently receiving ticketing data from the agency System Provider/Ticketing System and (4) presently printing, using established industry format, automated tickets bearing the ARC Stock Number for which the printers(s) is now configured. At a minimum, established industry format means the automated tickets will be printed in the data format transmitted by the System Provider/Ticketing System. Automated tickets must not be split, altered, changed or manipulated from their manufactured condition in order to be printed.]

2. One (1) additional spare box of automated tickets bearing the same ARC Stock Number as those in each

ticket printer in use in A.1 above. The spare box (es) must be locked up at all times.

[**Note:** If the System Provider/Ticketing System and/or Agent can re-configure and/or change the ticket printer(s) "in use" in A.1 above to print other types of Traffic Documents, i.e., Traffic Documents bearing different ARC Stock Numbers, such other types of Traffic Documents in the agency inventory are considered as an Agent's Reserve Supply and may not be kept on the premises as "spares." These additional Traffic Documents must be stored in one of the off-premises facilities described in Section VII below. If the Agent has an additional printer(s) that is inoperable or not receiving ticketing data from the agency System Provider/Ticketing System or not presently in use printing the type of automated tickets for which the ticket printer(s) is configured, such ticket printer(s) cannot be considered "in use" for purposes of counting the number of spare ticket boxes allowed on premises.]

[**Note:** A printer dedicated solely to printing agent coupon data on non-accountable documents shall not be considered a ticket printer for purposes of Sections VI.A.1 and 2 above. In other words, if a printer is not "in use," as defined in Section VI.A.1 above, and only prints agent coupon data on non-accountable Traffic Documents, the Agent may not order or store any accountable ARC Traffic Documents for that printer. A printer that has dual capability, i.e., is capable of printing accountable and non-accountable Traffic Documents, and is "in use," as defined in Section VI.A.1 above, shall be considered a ticket printer for purposes of counting the number of accountable ARC Traffic Documents allowed on premises. Information pertaining to the printing of agent coupon data on non-accountable documents or plain paper is published in the *Industry Agents' Handbook*.]

3. One (1) box, or mailing unit, each of manual tickets, MCOs and PTAs. When not being issued, such documents must be locked up. Alternatively, with respect only to the average daily amount of manual documents issued at the location, such need not be locked up while the location is attended by agency personnel if, during this time period, the documents are subject to strict inventory standards, i.e., log-out procedures, and are kept in a separate room or area that is not readily accessible to the general public.

B. Of its allowable inventory, a non-automated agency location may have the following manual documents on its premises:

1. One (1) box or mailing unit, each of manual tickets, (4-flights) and PTAs. When not being issued, such

**Attachment B**

documents must be locked up. Alternatively, with respect to the average daily amount of manual documents issued at the location, such need not be locked up while the location is attended by the agency personnel if, during this time period, the documents are subject to strict inventory standards, i.e., log-out procedures, and are kept in a separate room or area that is not readily accessible to the general public.

2. One (1) additional box or mailing unit of manual tickets. The spare box or mailing unit must be locked up.
- C. The Traffic Documents referenced in Sections VI.A.2 and A.3 must be locked up in a metal safe, metal filing cabinet or other metal container, under the exclusive control of the Agent, which possesses the following security features:
1. a weight (when empty) of 200 or more pounds or permanent attachment to the floor or wall(s) of the location; and,
  2. a locking device meeting UL classification 768 (combination/timelocks).

*[Note: Locations which were approved prior to March 31, 1996, and meet a threshold percentage of electronic ticket sales (e-ticket sales) in accordance with criteria established by ARC, may be eligible for an exemption from the mandatory requirements of Section VI.C of Attachment B. The criteria for the exemption are published on ARC's internet web site ([www.arccorp.com](http://www.arccorp.com)); alternatively, they may be obtained from ARC's Customer Support Center.]*

**Section VII: Storage of Remaining Inventory (Reserve Supply)**

The amount of the allowable inventory for the agency location over and above that which the location may keep on the premises must be stored in one of the following off-premises storage facilities:

- A. A safe deposit box in a bank or savings and loan association; or
- B. Hotel safe; or
- C. Furrier's vault; or
- D. Jeweler's vault; or
- E. Commercial storage facilities providing storage and retrieval service for high-value and sensitive materials such as furs, art works, computer data files, or corporate records; or
- F. The facilities of armored carrier and storage companies which are in the business of storing and/or transporting

money, jewelry, precious metals, and other high-value items; or

- G. Any other equivalent off-premises storage facility which the Agent describes to ARC, and which ARC approves in writing.

The Agent shall notify ARC in writing of any change in the location where remaining inventory is stored. Such notification should be sent to the Field Investigation and Fraud Prevention department.

If new supplies of ARC Traffic Documents are delivered to the Agent after the bank or other off-premises security facility is closed, the Agent shall store such ARC Traffic Documents in the most secure possible place, and must place them in the proper off-premises storage facility the following business day.

**Section VIII: Exceptions to the Above Rules Which Allow the Agent to Keep All Accountable Documents on the Agency Premises**

- A. The Agent may keep all ARC accountable documents at the Authorized Agency Location provided prior written notice is given to ARC, and written approval is obtained from ARC prior to on-premises storage, and the documents are secured in:
  1. A walk-in steel vault; or
  2. A windowless concrete-walled storage room equipped with a burglar-resistive vault door; or
  3. A safe, from which all wheels and casters have been removed, and which is, and continues to be, "burglary resistant" bearing an Underwriters Laboratories (UL) classification of TL-15, TRTL-15 x 6, TL-30, TRTL-30 x 6, TRTL-60, TXTL-60, or a classification equivalent thereto; or
  4. Any locked steel container or room which is protected by a burglary alarm system which meets all of the following standards:
    - a. Capable of detecting promptly an attack on the outer doors, walls, floor, or ceiling of the agency location; and
    - b. Designed to transmit to the police, either directly or through an intermediary, a signal indicating that any such attempt is in progress; and designed to actuate a loud sounding bell or other device that is audible inside the agency and for a distance of approximately 500 feet outside the agency; and

- c. Equipped with a visual and audible signal capable of indicating improper functioning of or tampering with the system; and
- d. Equipped with an independent source of power (such as a battery) sufficient to assure continuously reliable operation of the system for at least 80 hours in the event of failure of the usual source of power.

B. The notice required by Section VIII.A, above, shall describe the on-premises storage facility in sufficient detail to show that it meets one of the foregoing requirements, and must be approved by ARC in writing prior to on-premises storage.

**Section IX: Storage of Airline Identification Plates**

The Agent shall store all Airline Identification Plates in a locked, steel container separate from the on-premises supply of Traffic Documents.

[**Note:** A locked file cabinet is an appropriate container, while a locked cash box, which is portable, is not.]

**Section X: General Security of the Travel Agent's Approved Location and Operations**

A. The Agent shall close, lock, or otherwise secure all means of access to the Authorized Agency Location at all times when the location is not attended by authorized agency personnel.

[**Note:** The Agent may provide access to the agency location to non-agency personnel (i.e., landlord, cleaning services, independent contractors, etc.) when the location is not attended by authorized agency personnel. In so doing, however, the Agent bears responsibility for any ticket stock lost or stolen under such circumstances. It is, therefore, essential that the Agent require all non-agency personnel to close, lock, or otherwise secure all access to the location by unauthorized personnel while they are occupying it. It is suggested that the Agent examine the possibility of obtaining indemnification against any liability it incurs with ARC or its Carriers as a result of acts of negligence on the part of the authorized non-agency personnel.]

B. All automated tickets not in use in a printer must be locked up, as must all manual tickets, except those that are being issued. Alternatively, with respect only to the average daily amount of manual documents issued at the location, such need not be locked up while the location is attended by agency personnel if, during this time period, the documents are subject to strict inventory standards, i.e.,

log-out procedures, and are kept in a separate room or area that is not readily accessible to the general public.

[**Note:** A locked file cabinet or safe is an appropriate container, while a locked cash box, which is portable, is not. Consideration should also be given to the location of the container as well as the daily supply. Following bank procedures for the issuance of traveler's' checks, where the bank employee goes to a non-public area to obtain only enough checks to meet the customer's order (but no "spares"), may be a worthwhile example to consider for the issuance of manual tickets by agency employees.]

C. 1. **Printer Location.** All ticket printers must be located in a separate room or area within the agency which is accessible only to that travel agency's personnel

[**Note:** If your agency location has more than one room or office, it is suggested that the printer(s) be placed in the room least accessible to the general public. If the agency location is primarily one room or office, a partition could be built or created with bookshelves, for example, to separate the ticket printer(s) from access by non-agency personnel.]

2. **Locking Requirement for Printer or Its Contents.** All automated ticket printers must be either (a) locked, (b) housed in a locked container, or (c) placed in a locked room. Alternatively, the tickets for the printer must be in a locked box.

D. The Agent must maintain daily inventory procedures. For manual tickets, this means a log must be kept of all tickets received by the Agent, with the current status of each. For automated tickets, this means, at a minimum, the maintenance of a record of daily usage, e.g., range usage as provided by a TINS report, as well as a daily record of visual inspection.

[**Note:** In connection with the visual inspection requirement, it is suggested that the agent consider, where appropriate, marking the side of the in-use stock with a "V" or a vertical line which, when inspected on a daily basis by the agent, will quickly signal whether tickets have been removed from the contents. Another suggestion would be to insert a ruler into the feed stock bin on a daily basis to verify that the volume depleted was related to the documents used.]

**Part B: ARC Traffic Documents (Electronic Format)**

The Agent shall exercise reasonable care in the issuance or disclosure of ARC Traffic Documents/data/numbers in an electronic format, to prevent the unauthorized issuance or use of such Traffic Documents/data/numbers. "Reasonable care" includes effective, electronic challenge and authentication, e.g., Security Devices, including, for example, Usernames, PIN and password, of any user accessing agent hardware, systems, or

**Attachment B**

any other systems or hardware which can be used to issue Traffic Documents/data/numbers in an electronic format. At a minimum, the Agent shall implement appropriate physical, electronic, and managerial procedures and systems to prevent unauthorized access, disclosure, alteration or destruction of Transactional Data.

## Agent Reporting Agreement

### Personal Guaranty of Payment and Performance

#### Section I: Applicability

The provisions of this attachment apply whenever the Agent is required, under the provisions of Sections IV.A.4 or XX.A.4 of the Agent Reporting Agreement, to execute a "Personal Guaranty of Performance of Agent's Agreement."

#### Section II: Guarantors

The guarantors on such guaranty shall include:

- A. All Persons having a stock or other beneficial interest of 30 percent or more in the Agent and all officers, directors, or employees having a stock or other beneficial interest of 10 percent or more in the Agent, if such is a corporation; or
- B. Where the Agent is a corporation in which 30 percent or more of the stock or other beneficial interest is owned by another corporation(s) (hereinafter "parent corporation") then all Persons, in addition to those who may meet the requirements of paragraph A above, having a stock or other beneficial interest of 30 percent or more in the parent corporation and officers, directors or employees having a stock or other beneficial interest of 10 percent or more in the parent corporation; or
- C. Each general partner and the spouse of each general partner if the Agent is a general or limited partnership; or
- D. The spouse of the Agent which is a sole proprietorship; or
- E. All Persons who are members if the Agent is a limited liability company.

#### Section III: Effectiveness of Guaranty

The originally executed guaranty is of continuing effect, and its effectiveness, and the guarantors' liability thereunder, survives termination of the Agents' Agent Reporting Agreement, except as modified pursuant to Section IV below, and need not be re-executed upon amendment of the Agent Reporting Agreement, including subsequent revisions and reissues thereof.

#### Section IV: Modification of Personal Guaranty

- A. By mutual consent of ARC and the Agent, guarantors may be added, deleted, or substituted for existing guarantors, if circumstances change, e.g., change of corporate or

partnership structure, or change of spouse occurs after the guaranty has been executed.

- B. After the guaranty has been in effect for two years, the Agent may petition the Arbitrator for review of the requirement to maintain such guaranty.

#### Section V: Agreement Personal Guaranty of Payment and Performance of Agent's Agreement

As a condition imposed for continued inclusion of the below listed travel agent on the ARC List of the Airlines Reporting Corporation (hereinafter referred to as ARC), and/or pursuant to the terms of Section IV.A.4, VIII.D, XV.A, and/or IX.B of the Agent Reporting Agreement, the undersigned guarantor(s) hereby jointly and severally promise and guaranty the unconditional payment by Legal or Trade Name: \_\_\_\_\_ (hereinafter referred to as Travel Agent), the home office location of which has been designated with ARC Agency Code Number \_\_\_\_\_. Travel Agent comprising such home office and all branch, satellite ticket printer, and other locations of Travel Agent, including without limitation any location which may be added to the ARC List after the date of execution hereof, of all indebtedness, liabilities and obligations of every nature and kind arising out of or in connection with the Agent Reporting Agreement as presently constituted and as may be hereinafter amended, including subsequent revisions and reissuances thereof, except to the extent that such indebtedness, liabilities or obligations are satisfied from the proceeds of the surety bond or letter of credit or Cash Security Deposit required under said Agent Reporting Agreement and/or are satisfied by the assets of Travel Agent itself.

Any and all disputes regarding the obligations of the undersigned guarantor(s) to ARC shall be resolved by the Travel Agent Arbitrator, an arbitration forum established as an independent entity, in accordance with the rules promulgated and published by the Travel Agent Arbitrator, and the decision shall be final and binding; provided, however, that neither ARC nor any guarantor is precluded from seeking judicial relief to enforce a decision of the Travel Agent Arbitrator, or to compel compliance with this Personal Guaranty prior to the filing of an answer on a proceeding concerning such requirement before the Travel Agent Arbitrator. Subject to the above, the Travel Agent Arbitrator shall have discretion to consolidate in one docket any action concerning ARC and Travel Agent, and ARC and any or all undersigned guarantor(s).



Section 80

Attachment C

Any assets which a spouse who executed this guaranty acquired independently of Travel Agent are excluded from the provisions of this guaranty.

Authority and consent are hereby expressly given ARC from time to time, and without any notice to the undersigned guarantor(s), to give and make such extensions, renewals, settlements, and compromises as it may deem proper with respect to any of the indebtedness, liabilities and obligations covered by this guaranty; and the release by ARC of any other Person, or settlement with any other Person, or the revocation or impairment of this guaranty with respect to one or more of the guarantors, shall not operate to prejudice the rights of ARC against any or all other guarantors hereunder. This guaranty shall bind the parties by whom it is signed, whether the same be signed by one or more guarantors. This guaranty may consist of several counterparts, all of which, taken together, shall constitute a single guaranty.

It is understood that this is a continuing absolute and unconditioned guaranty, co-extensive with said ARC Agent Reporting Agreement as presently constituted and as may be

hereafter amended, including subsequent revisions and reissuances thereof. The undersigned guarantor(s) hereby jointly and severally waive notice of acceptance of this guaranty and of all defaults by Travel Agent of non payment and nonfulfillment of any and all of said indebtedness, liabilities, and obligations.

The execution of this guaranty shall not be construed as to create a present security interest or lien on the assets of the guarantors hereto.

This guaranty shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia.

Signed and sealed by the undersigned on the date set forth below.

\_\_\_\_\_  
(Printed Name of Guarantor)

\_\_\_\_\_  
(Residence Address)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Residence Telephone Number)

\_\_\_\_\_  
(Signature of Guarantor)

**This Document Must Be Signed in the Presence of a Notary.**

*(FOR NOTARY USE ONLY)*

County of \_\_\_\_\_ State of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, \_\_\_\_\_  
(Print Name of Above Guarantor)

appeared before me and, having been duly sworn by me, signed the guaranty in my presence.

\_\_\_\_\_  
Notary Public Signature

**NOTARY SEAL**

My commission expires on \_\_\_\_\_

**A SEPARATE PERSONAL GUARANTY MUST BE EXECUTED BY EACH TYPE OF GUARANTOR IDENTIFIED IN SECTION II ON THE REVERSE. EACH PERSONAL GUARANTY MUST CONTAIN BOTH PAGES.**



**Attachment D**  
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## Attachment E

### Agent Reporting Agreement Use of ARC Electronic Services

1. Purpose. ARC has developed and owns various Electronic Services including, but not limited to the ARC Document Retrieval Service, ARC Agent's Choice, ARC On line Internet Sales Summaries ("ISS") and the ARC Interactive Agent Reporting ("IAR") system and My ARC, (also collectively referred to as ARC Tools). This Supplement sets forth terms and conditions under which the Agent shall access ARC's Electronic Services.

2. Definitions.

a. ARC Document Retrieval Service ("DRS") means the database owned and operated by ARC that includes an accessible compilation of Transactional Data relating to ticketing and other data issued by the Agent.

b. ARC Interactive Agent Reporting system ("IAR") means the ARC system by which the Agent authorizes and Submits its Sales Report and other data pertaining to transactions issued by the Agent.

c. ARC On line Sales Summaries (ISS) means the ARC system by which Agents may access weekly sales summaries.

d. My ARC means the centralized access portal developed by ARC to provide a central access point to specified ARC Tools and other products and services.

e. Security Manager means the individual who performs administrative functions for the Agent's users of DRS.

f. IAR Administrator is an individual who performs administrative functions for the Agent's users of the IAR system and My ARC.

g. My ARC Primary Administrator means the individual who performs administrative functions for the Agent's users of My ARC, including but not limited to creation and revocation of users and My ARC administrators and ARC Tool Administrators; granting and revoking user access to ARC Tools that are accessible via My ARC.

3. Agent Representations and Security. Agent represents that it has computer equipment, software and Internet connection compatible for accessing ARC Electronic Services and that such are capable of a sufficiently high level of encryption to meet the system requirements established by ARC from time to time. The Agent shall ensure that the computer equipment Agent utilizes to access ARC's Electronic Services uses an industry-standard anti-virus software program capable of detecting and removing computer viruses. Agent shall further ensure that such anti-virus software is updated periodically in accordance with a commercially reasonable schedule. The Agent shall access ARC's Electronic Services and tools in accordance with this Agreement and the applicable Terms of Service.

The Agent shall not use any device, software, routine, or robotics that interferes with, or attempts to interfere with, the operation of ARC's Electronic Services, or take any action that imposes an unreasonable load on ARC's computer equipment and servers. The Agent shall not attempt, by any means, to gain access to Transactional Data that the Agent is not legally entitled to access. The means by which ARC provides access to ARC's Electronic Services and the format and other features of such Services, may be modified or deleted by ARC at any time upon notice to the Agent.

ARC MAY MONITOR INDIVIDUAL USE OF AND ACCESS ARC'S ELECTRONIC SERVICES TO ENSURE COMPLIANCE WITH THE RULES, POLICIES, DEADLINES AND INSTRUCTIONS APPLICABLE THERETO. Anyone using ARC's Electronic Services expressly consents to such monitoring. If such monitoring reveals possible criminal activity or unauthorized use, ARC system personnel may immediately suspend the individual User's access and/or the Agent's access to ARC's Electronic Services and/or provide the evidence of such monitoring to law enforcement officials, and/or terminate Agent's Agreement. ARC reserves the right to maintain and, for any legitimate reason, review logs containing any inquiry details and other activities performed by the Agent in connection with the Agent's use of ARC's Electronic Services.

4. Security Devices and User Administration.

(a) *Security Devices.* ARC will assign to the Agent Security Devices that will allow Agent to access ARC's Electronic Services via the Internet, and will also allow Agent to create additional Security Devices, as necessary, in accordance with instructions provided by ARC from time to time. The Agent shall ensure that a Username is not used by more than one user and that users do not share Usernames and other Security Devices. The Agents' use of Security Devices shall be governed by Section XXXII of this Agreement.

(b) *ARC Document Retrieval Service.* Agent shall designate a DRS Security Manager who shall perform administrative functions for the Agent's users of the DRS, including but not limited to the creation and revocation of users and DRS administrators, creation and resetting of passwords in accordance with instructions as may be provided by ARC from time to time.

(c) *Interactive Agent Reporting.* Agent shall designate an IAR Administrator (security contact) who shall perform administrative functions for the Agent's users of IAR,

including but not limited to the creation and revocation of users and IAR administrators, creation and resetting of passwords in accordance with instructions as may be provided by ARC from time to time.

**Attachment E**

(d) *My ARC*. The Agent's IAR Administrator or Document Retrieval Service Security Manager shall be My ARC

Primary Administrator for the Agent unless the Agent designates another individual in accordance with instructions provided by ARC. If the Agent has more than one IAR Administrator, the first IAR Administrator to register for My ARC shall be the Agent's My ARC Primary Administrator. Agent acknowledges and agrees that the My ARC Primary Administrator shall perform administrative functions for the Agent and its My ARC users in accordance with instructions provided by ARC, including but not limited to creating and deleting My ARC Users, My ARC Administrators and Tool Administrators, and granting and revoking user and administrator access to ARC Tools, as such Tools become available and accessible through My ARC.

(e) *Change in Administrator*. The Agent shall immediately notify ARC, in the form and manner prescribed by ARC, of the removal or replacement of the My ARC Primary Administrator (and the administrators of ARC Tools that are not accessible through My ARC) and shall provide the name of each new administrator and such other information ARC may reasonably require regarding each new administrator for My ARC and for ARC Tools (including but not limited to the DRS Security Manager).

(f) *Account Profiles*. Any account profiles created by the Agent, its administrators or users for ARC's Electronic Services or ARC's Tools, and the information contained therein, shall not constitute an application for, and/or ARC approval of a change of Agent's name, location, status, organizational structure or ownership. Application for approval of such changes must be submitted in accordance with the terms of this Agreement and instructions provided by ARC and must be approved in writing by ARC.

5. Terms of Service/Use. The Agent shall abide by all rules, procedures, deadlines, and with any other instructions (collectively referred to herein as "Terms of Service") concerning user administration and the Agent's access to and use of ARC Electronic Services and Tools which ARC shall publish or otherwise make available to the Agent by electronic means, including any updates on its website. The Agent's use of the Electronic Services after ARC has provided Terms of Service, or updates to Terms of Service, will be considered the Agent's acceptance of such updates. The Agent's failure to comply with the Terms of Service or this Supplement may result in termination of access to ARC's Electronic Services, as appropriate.

6. Service Availability.

(a) ARC will use reasonable commercial efforts to keep ARC's Electronic Services available on a 24-hour, seven day per week basis, subject to necessary scheduled downtime for maintenance, unscheduled maintenance and system outages. The Agent's access to ARC's Electronic Services may be interrupted at times for maintenance, system outages and other circumstances beyond ARC's Control (e.g., viruses,

etc.), including but not limited to, those circumstances described in 6. (b).

(b) The availability of the ARC's Electronic Services is subject to interruption and delay due to causes beyond ARC's reasonable Control, including, without limitation, delays by suppliers or vendors which are outside of ARC's Control; acts of God or of a public enemy; acts of the United States or any state or political subdivision; fires, severe weather, floods, earthquakes, natural disasters, explosions or other catastrophes; and labor strikes, slowdowns (collectively, "excusable delay"). ARC shall not be liable to Agent for any excusable delay. IN NO EVENT SHALL ARC BE LIABLE FOR ANY INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, EVEN IF ARC HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

7. ARC reserves the right to assess a fee for any new, modified or enhanced services related to ARC's Electronic Services (with the exception of services covered by the annual fee in Section XVI of the ARA) that may be offered to the Agent in the future, subject to the approval of such fee by ARC's Board of Directors. By using any new or modified features when they become available, the Agent agrees to be bound by the rules concerning these features.

8. The Agent acknowledges that in the event of termination of the Agent Agreement for any reason, this Supplement shall immediately terminate. Upon termination, the information that the Agent would otherwise be able to access via ARC's Tools and Electronic Services, up to the termination date, may be made available to Agent, upon written request, in the format and media (e.g., CD ROM, via an Internet website, etc.) as determined by ARC, in its sole discretion. ARC reserves the right to assess a fee for such service. Agent acknowledges and agrees that nothing in this Attachment shall affect the terms, conditions or validity of the Agent Reporting Agreement.

## Agent Reporting Agreement

### Selection of the Ticketing Carrier

#### Section I: General Rule

- A. The Agent will use the ticketing identification of any ARC Carrier scheduled to participate in the transportation provided the Carrier has authorized the agent to do so.
- B. In the event ticketing identification of a Carrier scheduled to participate in the transportation is not available, the Agent will use the identification of any other ARC Carrier who has provided authorization for such use.
- C. No segment shall be permitted on any Carrier for which the Agent has not received prior authorization.

#### Section II: Clarification of "Ticketing Identification"

- A. For preparation of a manually issued ARC traffic document (paper format), ticketing identification will be through use of the Airline Identification Plate provided by any ARC Carrier scheduled to participate in the transportation. If such an identification plate has not been provided, the identification plate of any other ARC Carrier may be used provided the Carrier has given authorization for such use. ("Authorization" in this instance can be either verbal or written from either the home or local office of the authorizing Carrier.)
- B. For preparation of automated ARC Traffic Documents (paper format) through the use of the Agent's stand-alone computer system (without interface to a carrier's computer system) ticketing identification will be determined on the same basis as for manual issuance.
- C. For preparation of automated ARC Traffic Documents (paper format) through the use of a System Provider (servicing carrier) or for issuance of ARC Traffic Documents in an electronic format:

- 1. Ticketing identification will be the designation of any ARC carrier scheduled to participate in the transportation which also:
  - a. is a signatory to the airline industry's automated ticketing agreement which authorizes a ticket to be generated in the name of the signatory airline. (A record of such signatories is maintained by the servicing carrier's computer system), and
  - b. has provided its Airline Identification Plate to the Agent.
- 2. If no such carrier has authorized use of its name, another ARC carrier may be designated as follows:
  - a. The servicing carrier may be named by the Agent as the ticketing carrier even though it is not scheduled to participate in the transportation whenever such Agent is not permitted under C.1.a. above or authorized under C.1.b. above to issue an ARC traffic document in the name of any carrier participating in the itinerary; *provided*, that, the servicing carrier has an interline agreement with the carriers in the routing (determined by the servicing carrier's computer system).
  - b. The Agent may instruct the servicing carrier to issue an ARC traffic document in the name of a specific ticketing carrier party to the airline industry's automated ticketing agreement, on behalf of another carrier not a party to that agreement, provided such authorization has previously been given to the servicing carrier by the specific ticketing carrier. (A record of such authorization is maintained by the servicing carrier's computer system.)



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**Attachment G & Supplement 1**  
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**Supplement 2****Supplement Covering a  
Satellite Ticket Printer Location**

[NOTE: The terms of this Supplement are applicable only to Satellite Ticket Printer locations (STPs) approved prior to March 15, 2010.]

This agreement is entered into by the Airlines Reporting Corporation (hereinafter referred to as "ARC"), a close corporation chartered in the state of Delaware with its principal place of business at 4100 North Fairfax Drive, Suite 600, Arlington, Virginia 22203-1629, on its own behalf and on behalf of the Carriers which have executed, or hereinafter execute, the ARC Carrier Services Agreement (hereinafter referred to as "Carrier" or "Carriers"),

and

the Person\* who executes the memorandum of agreement, or otherwise concurs in the adoption of this agreement, as described in section XXV of the Agent Reporting Agreement ("ARA"), agreeing to be bound to the terms and conditions of this agreement (hereinafter called "the Agent").

**\*If the Person identified above is an ARC-accredited Agent on the ARC List, this Supplement to the ARA shall become effective on or upon such date as evidenced by written notification from ARC to the Agent that the Application for a Satellite Ticket Printer (STP) branch has been approved and that such STP has been included on the ARC List.**

This agreement supplements the ARC Agent Reporting Agreement entered into by ARC and Agent, including any and all amendments or revisions thereto. Moreover, the provisions of the ARC Agent Reporting Agreement, including any and all amendments or revisions thereto, are incorporated into this Supplement by reference. Further, this agreement applies to each of Agent's approved STP locations which may be added to the ARC List after the effective date of this agreement, and will apply to all of Agent's STP locations, regardless of approval date, as of the effective date of this agreement.

Certain words and phrases, as used in this Supplement, are defined as follows:

ARC Traffic Documents include only automated ticket/boarding pass (ATB) forms (paper format).

**Attendant** is a person who is knowledgeable in all facets of operating the STP, including the activities described in the Application for an Authorized Satellite Ticket Printer Location, and is aware of the importance of ticket accountability and security. The attendant is the person responsible for removing the ATB forms from the ticket printer (required for Type 1 and Type 2; see "Location Types and Security Requirements," below).

**Host Authorized Agency Location** is the ARC Authorized Agency Location which is responsible for the satellite ticket printer's operation. It must be either an independent location, a home office, or a branch location but may not be a Special Event Location (SEL), an Administrative Office (AO), or another STP location. **Satellite Ticket Printer (STP)** is a ticket printing device which may be attended or unattended and allows for the delivery of ARC Traffic Documents and other related Traffic Documents to authorized individuals but only at the direction of, and upon the transmission from, the host Authorized Agency Location.

**Satellite Ticket Printer (STP) Location** is a location whose sole ARC travel-related function is the delivery of ARC Traffic Documents and other related Traffic Documents to customers of an ARC-listed agent by means of a ticket printing device.

The parties state that:

1. Agent wishes to deliver ARC Traffic Documents electronically to its customers by means of a satellite ticket printer (STP). The electronic transmission will be controlled by a host Authorized Agency Location, and the delivery will occur at the satellite ticket printer (STP) location.
2. Agent affirms the representations made in any STP application to ARC, which are incorporated by reference in this Supplement.
3. ARC finds that, subject to the conditions described in this Supplement and the Agent Reporting Agreement, Agent should be provided an opportunity to operate an STP at the STP location described in the STP application incorporated by reference in this Supplement.

In consideration thereof, the parties agree as follows:

4. The STP location described in any STP application incorporated by reference in this Supplement shall be (1) assigned an agency code number, (2) separately listed on the ARC List and (3) cross-referenced to its host Authorized Agency Location. The responsibility for the STP location, including the delivery of blank ARC Traffic Documents to and from such location, the security and maintenance of ARC Traffic Documents assigned to the STP location's agency code number, the printing of ARC Traffic Documents at the STP location in accordance with all rules, regulations, and instructions of ARC and the Carriers, and the weekly reporting and settling for all ARC Traffic Documents printed at the STP location, shall be the Agent's in accordance with the ARC Agent Reporting Agreement, as it may be modified by this Supplement.
5. ARC will deliver to Agent at the host Authorized Agency Location all ARC Traffic Documents intended to generate ticket delivery at the STP location. Alternatively, and with

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respect solely to ARC Traffic Documents for use in a STP, the Agent, in lieu of its host Authorized Agency Location, may designate another of its authorized locations (but not, a Special Event Location (SEL) or a Satellite Ticket Printer Location (STP)) to receive ARC Traffic Documents. Allowable excess ARC Traffic Documents shall be retained by either the host Authorized Agency Location or by the designated Authorized Agency Location in accordance with the security requirements in attachment B of the ARC Agent Reporting Agreement. Agent assumes full and absolute responsibility for the transportation to and from, and the safeguarding of the ARC Traffic Documents at, the STP location.

6. A. With respect to ARC Traffic Documents for the STP maintained by the host Authorized Agency Location, or with respect to ARC Traffic Documents maintained by the designated Authorized Agency Location, Agent affirms that the security measures at such locations shall comply with those detailed in attachment B of the ARC Agent Reporting Agreement, and affirms its obligations under the sections titled Liability and Waiver of Claim, Delivery and Withdrawal of Traffic Documents and Identification Plates, and Custody and Security of Traffic Documents and Identification Plates, in the ARC Agent Reporting Agreement.
- B. With respect to ARC Traffic Documents at the STP location identified in any STP application incorporated by reference in this Supplement, and with respect to ARC Traffic Documents which are in transit to and from this location, the Agent, regardless of any security measures taken, assumes full and absolute liability for any and all damage, expense or loss experienced by any Carrier, its officers, agents or employees on account of the loss, misapplication, theft or forgery of such documents.
- C. No more than the average weekly number of ARC Traffic Documents used per ticket printer over the preceding 12 months, or the number of ARC Documents contained in the smallest shipping box, per ticket printer, which ever is greater, shall be stored at the STP location described in the STP application.
- D. Any ARC Traffic Documents not in use in the STP shall be placed in a locked steel container. Alternatively, if the location is open to the general public; such ARC documents not in use shall be stored in a safe meeting the requirements of Section VIII.A of attachment B of the ARC Agent Reporting Agreement.
- E. 1. The agent guarantees that the ARC Traffic Documents stored inside a Type 1, or Type 2 STP, as these are defined in section 8 below, will be limited to the ARC Traffic Documents actually in

use in that machine and in no case will exceed the number of coupons described in 6.C.

2. The agent guarantees that the ARC Traffic Documents stored inside a Type 3, Type 4, or Type 5 STP, as these are defined in section 8 below, will be limited to the ARC Traffic Documents actually in use in that machine and in no case will exceed the number of coupons described in 6.C. or 6000 automated ticket/boarding pass (ATB) documents whichever is less.
3. The agent guarantees that the ARC Traffic Documents inside a Type 6 STP, as defined in section 8 below, both in use and in storage, will not exceed the number of coupons described in 6.C. or 6000 automated ticket/boarding pass (ATB) documents whichever is less.

**7. Security Definitions**

The agent represents that the STP or the on-site document storage container is designed to prevent access by unauthorized parties, and, where noted, meets Underwriters Laboratories (UL) classification 291 for Automated Teller Systems, (UL) classification 687 for Burglary Resistant Safes, or other standards specified by ARC.

- A. The alarm system for a locked steel container protected by an electronic alarm system must be at least 110 decibels when measured at 18 inches on the A scale and must be able to operate on battery power in the event of a power failure. The alarm may be a door contact alarm, a room motion alarm, or other alarm system acceptable to ARC. Alternatively, a safe meeting the requirements in attachment B of the ARC Agent Reporting Agreement is acceptable.
- B. The UL 291 standard is an American National Standard Institute (ANSI) joint standard. STP certification testing, therefore, may be done by any ANSI approved testing laboratory as well as UL Laboratories. There is a 2-step inspection procedure for STPs: 1) certification that the machine meets the UL requirements and other requirements of section 8 of the STP agreement; and 2) an on-site visit at the STP location.
- C. The audible motion detector alarms described in section 8 must be triggered whenever an unauthorized person attempts to move or tip the machine. The specifications for the motion alarms required in this section will be left up to the individual vendors.

The audible door contact alarms must also be triggered whenever an unauthorized Person attempts

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to open the door(s) to the machine or when the machine is left unlocked or the door(s) are not shut.

The audible alarms required in this section will be at least 110 decibels when measured at 18 inches on the A scale and must be able to operate on battery power in the event of a power failure.

D. On-site security personnel are required in a Type 4 setting even though it is a controlled admittance, non-public location. The security personnel must be on premises, not at the precise STP location.

E. STPs may be reclassified from Type to Type.

**8. Location Types and Security Requirements****Type 1**

A. 1. The Type 1 STP is an attended printer not intended to serve the general public, located in a private area within a business-type concern where it is neither visible nor accessible to the general public. The Type 1 STP:

- a. must be attended
- b. must be located in a secure, non common, area which is not accessible to the general public.
- c. may be operated only by the attendant

2. The minimum security requirements for a Type 1 STP include:

- a. the STP(s) is located in a secured area, accessible only by authorized parties, thereby insuring the security of ARC Traffic Documents.
- b. the removal and storage (in a locked steel container which is protected by an electronic alarm system) of all ARC Traffic Documents at the end of each operating day;

Note: If the printer meets the construction requirements for a Type 2 printer in section 8.B. 2b and c and either the locking mechanism is a combination lock that is part of the printer construction or the printer is placed in a locked room at the end of each operating day, compliance with “b” is not required.

**Type 2**

B. 1. The Type 2 STP is an attended printer which serves the general public. The printer may be located in an area where it may be visible to the general public, but it may not be physically accessible to the general public. The Type 2 STP:

- a. must be attended
- b. must be designed to prevent access by unauthorized parties
- c. may be operated only by the attendant.

2. The minimum security requirements for a Type 2 STP, include:

- a. the STP must be located in a secure area which is not readily accessible to the public
- b. the STP, including its in-use supply of ARC Traffic Documents, will be completely enclosed in a steel security container, or an acceptable equivalent thereof (e.g., a container made of solid wood of at least 3/4" thickness). The security container will be constructed in such a manner as to preclude any loss of ARC Traffic Documents through casual pilferage.
- c. The container will be equipped with a locking mechanism which must be locked whenever ARC Traffic Documents are enclosed therein.
- d. the removal and storage (in a locked steel container which is protected by an electronic alarm system) of all ARC Traffic Documents at the end of each operating day;  
Note: If the locking mechanism is a combination lock that is part of the printer construction or if the printer is placed in a locked room at the end of each operating day, compliance with “d” is not required.

**Type 3**

C. 1. The Type 3 STP is an unattended printer which is located in a private area within a business-type concern for use by the employees and guests during normal business hours. The Type 3 STP:

- a. must be located in a secured, non-common, area which is not accessible or available to the public;

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- b. may be activated only by designated, authorized parties;
  - c. is available only during business hours; and,
  - d. is under observation, i.e., within view, by a responsible party while it is available for use.
2. The minimum security requirements for a Type 3 STP include:
- a. the removal and storage (in a locked steel container which is protected by an electronic alarm system) of all ARC Traffic Documents at the end of each operating day;
  - b. the in-use supply of ARC Traffic Documents and the STP electronics must be protected by an audible door contact alarm(s);
  - c. the in-use supply of ARC Traffic Documents must be secured and not accessible to unauthorized persons, or exposed to users prior to ticket delivery; and,
  - d. the printer control panel, if accessible or exposed to view, must be disabled.
- c. the STP must be protected by an audible motion sensing alarm;
  - d. the STP must have a resistance to movement equal to 750 pounds; and,
  - e. the ARC Traffic Documents housed inside the STP must be protected by a safe meeting requirements of UL TRTL 15x6. Note: UL classification 687 details burglary resistant safes, such as this.

**Type 5**

- E. 1. The Type 5 STP is an unattended ticket printing device located in an area that is open to the general public and is available for use within business hours by the general public. The Type 5 STP:
- a. must be under non-electronic observation, i.e., within view, by a responsible party, whenever it is intended to be in service and available for use; and,
  - b. must not be accessible or available to the general public during the hours when it is not intended to be in service unless all ARC Traffic Documents have been removed and secured in a locked steel container protected by an electronic alarm system.

**Type 4**

- D. 1. The Type 4 STP is an unattended ticket printing device accessible 24 hours each day and located in a common area of a business-type concern where access to the business-type concern is restricted to employees and guests. The Type 4 STP:
- a. may be located in a common area on the concern's premises which is not accessible or available to the public;
  - b. may be activated only by designated, authorized parties; and,
  - c. is available 24 hours per day.
2. The minimum security requirements for a Type 4 STP include:
- a. the non-public facility where the STP is installed must have security personnel on site 24 hours each day;
  - b. the in-use supply of ARC Traffic Documents and the STP electronics must be protected by an audible door contact alarm(s);
2. The minimum security requirements for a Type 5 STP include:
- a. the security container and locks protecting the ARC traffic document stored inside the STP, including its in-use supply of ARC Traffic Documents, must be housed in a security container meeting the requirements of UL 291, section 13, Business Hour Service, and be certified as Resistant to Expert Attack per the requirements in Business Hour Service Automated Teller Systems, section 36;
  - b. unclaimed ARC Traffic Documents may be stored inside the UL 291 enclosure described in section 8.E.2.a, above, or, alternatively, in a locked steel container which is protected by an electronic alarm;
  - c. the STP must be protected by audible door and motion alarms if security as described in section 8.D.2.a is on site 24 hours each day; OR, the STP must be protected by electronic door and motion monitoring 24 hours each day if security is not on site 24

**Supplement 2**

hours each day; OR, the STP will be protected by audible door and motion alarms during business hours and all ARC Traffic Documents will be removed to a locked steel container, protected by an electronic alarm system, during non-business hours;

- d. the STP must have a resistance to movement equal to 1500 pounds;
- e. the STP shall be capable of retrieving any ARC Traffic Documents not removed within 30 seconds by a customer; and,
- f. the STP will record the removal by the customer of all ARC Traffic Documents.

**Type 6**

F. 1. The Type 6 STP is an unattended ticket printing device located in an area that is open to the general public without limitation as to the time of day. The minimum security requirements for a Type 6 STP include:

- a. the security container and locks protecting the ARC Traffic Documents stored inside the STP, including its in use supply of ARC Traffic Documents, and unclaimed ARC Traffic Documents, will be housed in a security container meeting the requirements of UL 291, section 13 Security Container, 24 hour service, and be certified as

Resistant to Expert Attack per "Test of Currency Security Container - 24 Hour Service," UL 291 section 35, and "Test of Customer Access Panel - 24 Hour Service," UL 291 section 34;

- b. the STP will be protected by audible door and motion alarms;
- c. the STP will be protected by electronic door and motion monitoring 24 hours each day;
- d. the STP must have a resistance to movement equal to 5000 pounds;
- e. the STP shall be capable of retrieving any ARC Traffic Documents not removed within 30 seconds by a customer; and,
- f. the STP will record the removal by the customer of all ARC Traffic Documents.

**Regardless of security measures undertaken by the Agent, the agent assumes full and absolute liability for**

**any and all damage, expense or loss experienced by ARC, the participating Carriers, their officers, representatives, or employees on account of the loss, misapplication, theft or forgery of ARC Traffic Documents at the STP location and ARC documents in transit to and from the STP location.**

9. STP Activation:

- A. Agent's customers shall **NOT** be able to activate a Type 1 or Type 2 STP. All ticketing must be completed by the attendant through the Host Agent.
- B. Type 3 and Type 4 STP's must be activated either by the insertion of debit/credit cards approved by the Host Authorized Agency Location, or identification cards issued by the Host Authorized Agency Location, OR by the entry of an identification code provided by the Host Authorized Agency Location.
- C. Type 5 and Type 6 STP's must be activated by the insertion of debit/credit cards approved by the Host Authorized Agency Location, or identification cards issued by the Host Authorized Agency Location, AND by the entry of an identification code provided by the Host Authorized Agency Location.
- D. Other means of access, determined by ARC to insure that access is restricted to customers of the Host Authorized Agency Location, will also be considered by ARC.

Regardless of the location, activation of a Type 3, Type 4, Type 5, or Type 6 STP shall require Agent's customers to identify the particular transaction(s) being requested through, for example, identifying the flight/date, passenger name record, or some other distinctive identifier, including the selection of the appropriate itinerary from a display screen. The Agent may also allow customers to pick up ARC Traffic Documents in batch with the use of a batch identification.

- 10. A. Agent guarantees that the attended STP's (Types 1-2) will receive ticketing transmissions for the generation of ATB forms and itineraries. The data required to produce the ATB forms, e.g., flight and passenger coupons, boarding pass forms, and itineraries, are to be generated concurrently with the data required to produce the charge forms at a host specified agency location. The information contained in the data record required to produce the travel documents may not be modified and may only be sent to the STP location identified in the data record.
- B. Agent guarantees that the unattended STPs (Types 3-6) will receive ticketing transmissions for the generation of ATB forms and itineraries on demand.

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The data required to produce the ATB forms, e.g., flight and passenger coupons, boarding pass forms, and itineraries, are to be generated concurrently with the data required to produce the auditor's, agent's, and, if necessary, the charge forms at a host specified agency location. The information contained in the data record required to produce the travel documents may not be modified and may only be sent to the STP location identified in the data record.

11. If the STP does not receive all data via a dedicated circuit, it shall be of such a design that it cannot be activated or caused to print tickets by unauthorized parties or for unauthorized purposes. This can be accomplished by means of one of the following measures:

*Validation* - The host system will send out an identification code (I.D.) as part of each transmission. The STP will validate the I.D. prior to production of any documents. If the I.D. is invalid, the STP will not be activated.

*Call Back Modems* - The STP will receive a call which will prompt the unit to disconnect the call and dial out to its only authorized number.

*Encryption* - Data will be sufficiently encrypted prior to transmission to protect data and equipment from unauthorized use.

Alternative measures will also be permitted, provided that such have been determined by ARC to be capable of meeting the objectives of this section.

12. Agent further agrees to permit, or to obtain authority to permit, access by authorized ARC representatives to the location identified in any STP application incorporated by reference in this Supplement, including the storage area of the STP, in order for such representatives to determine compliance with this Supplement and with all other applicable provisions of the ARC Agent Reporting Agreement. The representative of any Carrier shall also be guaranteed access for the purposes provided for in the

ARC Agent Reporting Agreement. Inspections shall be made upon reasonable notice as circumstances warrant.

13. Agent agrees that all notices required by federal regulations, international treaty and/or agreement, carrier tariff and carrier conditions of contract to be given on or with the flight and passenger coupons will be provided to its customers at the STP location.
14. The STP Supplement (and ACN) cannot be transferred or sold to a new owner unless it is transferred or sold in connection with an ARC-approved change of ownership of the Agent or of the host Authorized Agency Location.
15. The STP location is solely a ticket delivery location. Other travel-related, retail functions, such as, but not limited to, live, or in-person travel promotion, reservations, counseling and sales, accepting payment or providing refunds for tickets, cannot be performed at this location, except in a Type 1 environment where the attendant is the employee of the business-type concern, the attendant may make reservations on behalf of other employees of the business type concern. The STP location is not precluded from securing an acknowledgment that payment is due the Agent such as the imprint of a credit card and client's signature. Moreover, the host agency is permitted reasonable signage to identify the STP's purpose and location, and reasonable flexibility with regard to serving its clients' needs via telephonic communications, e.g., clients should not be precluded from alerting host to a jam via an on-site telephone.
16. This Supplement may be terminated by either ARC or Agent upon prior written notice to the other; however, obligations incurred prior to the effective date of termination shall not be discharged by the termination, and, upon termination, each party shall fulfill any and all obligations incurred prior to the effective date of such termination and a complete and satisfactory accounting rendered.

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**Supplement 3**  
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## Supplement Covering A New Independent Centralized Service Location (CSL) And CSL Branch Locations

This Supplement Covering a New Independent Centralized Service Location (“CSL”) and CSL Branch Office Locations (herein referred to as the “CSL Supplement”) is entered into by the Airlines Reporting Corporation (hereinafter referred to as “ARC”), a close corporation chartered in the state of Delaware with its principal place of business at 4100 North Fairfax Drive, Suite 600, Arlington, Virginia, 22203-1629, on its own behalf and on behalf of the Carriers which have executed, or hereinafter will execute, the ARC Carrier Services Agreement (hereinafter referred to as “Carrier” or “Carriers”), and

and

the Person\* who executes the memorandum of agreement, or otherwise concurs in the adoption of this Agreement, as described in section XXV of the Agent Reporting Agreement (“ARA”), agreeing to be bound to the terms and conditions of this Agreement (hereinafter called “the Agent”).

**\*If the Person identified above is an ARC-accredited Agent on the ARC List, this Supplement to the ARA shall become effective on or upon such date as evidenced by written notification from ARC to the Agent that the Application for a CSL branch has been approved and that such CSL has been included on the ARC List.**

**If the entity identified above is applying for approval of a New Independent CSL, the ARC Agent Reporting Agreement (“ARA”), and this Supplement to the ARA, shall become effective only on or upon such date as evidenced by written notification from ARC to the Agent that the Agent’s Application for a New Independent CSL has been approved and that such CSL has been included on the ARC List.**

Agent has submitted or will submit an application for ARC approval of a New Independent CSL, and/or has submitted or may submit an application for a CSL Branch office location and seeks to have such location(s) included on the ARC List.

This agreement supplements the ARA entered into by ARC and Agent, including any and all amendments or revisions thereto. Moreover, except as provided for herein, the provisions of the ARA, including any and all amendments or revisions thereto, are incorporated into this Supplement by reference. Further, this Supplement shall apply to each of the Agent’s authorized CSL locations which may be added to the ARC List after the effective date of this agreement and will apply to all of Agent’s authorized CSL locations regardless of approval date, as of the effective date of this agreement.

For purposes of this Supplement, the following definitions shall apply –

A CENTRALIZED SERVICE LOCATION (“CSL”) is an authorized independent or branch office location whose primary purpose is to allow Agent to directly provide, or to utilize another ARC-accredited travel agent (referred to herein as a “servicing agency”) to provide, travel services to a specified corporate account or web site account at an approved centralized location. The CSL shall not serve the general public and the office or space where the CSL is located shall not be open and accessible to the general public and it shall not be identified as a retail travel agency.

OUTSOURCE or OUTSOURCED means to use a Servicing Agency to perform or provide travel services (e.g., reservations, sales, ticket issuance, sales reporting, etc.) for the corporate account or web site account at the approved CSL location.

SERVICING AGENCY is the ARC-accredited agency identified in the CSL application that may provide or perform some or all of the travel services for the Agent’s corporate account or web site account at the approved CSL location. The

CSL staff may be employed by the Agent or by the Servicing Agency.

The parties to this Supplement state that –

1. Agent wishes to centralize certain travel services (e.g., reservations, sales, ticket issuance, sales reporting, etc.) for a specified corporate account or web site account at a specified, authorized CSL independent or branch location.
2. Agent affirms the representations made in any and all CSL applications to ARC, which are hereby incorporated into this Supplement by reference.
3. ARC finds that, subject to the terms and conditions of the ARA and the terms and conditions described in this Supplement, Agent should be provided an opportunity to operate a CSL at the location described in a CSL application which has been approved, in writing, by ARC.

In consideration thereof, the parties agree as follows:

4. The Agent’s CSL location(s) shall comply with all of the terms, obligations and requirements of the ARA for an independent or branch office location, except as otherwise noted in this Supplement.

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5. Each approved CSL location shall service a specified corporate account or a specified web site account, and each such CSL shall be: (1) assigned a separate, individual agency code number; (2) separately listed on the ARC List; and (3) in the case of a CSL branch, cross-referenced to the Agent's home office agency location.
  6. CSLs (independent and branch locations) may be located at a common centralized location (i.e., the same physical address or office suite; for example, a common room or area in which the CSLs are not separated by walls or lockable areas). This common location must be under the exclusive control of the Agent (i.e., the entity applying for approval of the CSL independent or branch location), or the ARC-accredited Agent which is providing the outsourced travel services for the CSL (i.e., the servicing agency).
  7. If there is more than one CSL located at a common centralized location, the Agent may store the on-premises quantity of Traffic Documents allowed for each of its individual CSLs under Section VI.A of Attachment B of the ARA, in one common container which meets the requirements of Section VI.C of Attachment B of the ARA. The amount of the allowable inventory over and above that which each CSL branch, individually, may keep on the premises, may be stored in one common off-site storage facility which meets the requirements of Section VII of Attachment B. Agent may also seek written approval from ARC to store all Traffic Documents for all of its CSLs which share a common centralized location, at said location in a container or room which meets the requirements of Section VIII of Attachment B of the ARA. [Note: Except as noted in this section, each individual CSL location, (including those which share a common centralized location with other CSLs) is subject to the ticket security rules of Attachment B, including those rules concerning the quantities of Traffic Documents which may be ordered and stored by an authorized location.]
  8. If the Agent has one or more approved CSLs at a common centralized location, the Agent shall ensure that such location is closed, locked or otherwise secured when the location is not attended by authorized personnel.
  9. Each CSL location shall meet the personnel requirements of Section IV.B.1 (managing qualifier) and IV.B.2.B (Certified ARC Specialist ("CAS")) or IV.B.2.C (ARC Specialist) of the ARA. However, if there is more than one approved CSL independent or branch located at an approved, common centralized location, only one manager (meeting the requirements of Section IV.B.1) and one CAS or ARC Specialist (meeting the requirements of IV.B.2.b or IV.B.2.c) are required to qualify all of the CSL independent and branch offices at that location. The person or persons who meet these requirements must be employed by the Agent, or by the Servicing Agency, that is providing the outsourced travel services for the CSL locations.
- [OFFICIAL COMMENTARY: The ARC Specialist Program will replace the CAS program effective September 30, 2005. Any person holding a valid CAS certificate will be transitioned into the ARC Specialist Program. Such Person will not have to take the ARC Specialist exam until his or her current CAS certificate expires.]
10. The Servicing Agency must be an ARC-accredited Agent on the list of ARC agencies. However, ARC does not warrant, or make any representation about the competency, integrity, or financial fitness of any Servicing Agency. The Agent signatory to this Supplement assumes full legal and financial responsibility, for the administration, liability, staff, maintenance and operations of all of its CSL locations. The Agent is required to immediately notify ARC's Accreditation Department at ARC's headquarters location, in writing, if the Servicing Agency's Agent Reporting Agreement is terminated for any reason, or if the Agent elects to change or cease utilizing its Servicing Agency for any reason.
  11. ARC Traffic Documents (both paper and electronic format) which may be used by the Agent's CSL locations will be supplied in trust to the Agent and such will be delivered to the Agent at its headquarters location, the CSL location, or at another one of the Agent's accredited locations, as designated by the Agent (but not, another CSL, Satellite Ticket Printer location ("STP"), Ticket Fulfillment Location, Special Event Location ("SEL"), or on-site branch location.) Agent is responsible for safeguarding the ARC Traffic Documents (both paper and electronic format) entrusted to each of its CSL locations and Agent assumes full and absolute responsibility and liability for the ARC Traffic Documents in transit to and from the CSL location and the ARC Traffic Documents location at each CSL location.
  12. Regardless of any security measures taken, Agent assumes full and absolute liability for any and all damage, expense or loss (including attorneys' fees) experienced by ARC or the Carriers, their officers, representatives, agents or employees on account of the loss, misuse, misapplication, misdirection, theft or forgery of ARC Traffic Documents (both paper and electronic format) at the CSL independent and branch locations and ARC Traffic Documents in transit to and from the CSL independent and branch locations.
  13. In accordance with the terms of the ARA, Agent agrees to permit, or to obtain authority to permit, access by authorized ARC representatives to the location identified in any CSL application incorporated by reference in this Supplement, including the storage areas for the ARC

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Traffic Documents, in order for such representatives to determine compliance with this Supplement and with all other applicable provisions of the ARA. The representatives of any carriers shall also be guaranteed access for the purposes provided for in the ARA. Inspections shall be made upon reasonable notice as circumstances warrant.

14. In the event of a termination of the ARA with the Agent's home office location for any reason, this Supplement shall also automatically terminate, but in any event, termination of this Supplement shall occur no later than the effective date of the termination of the ARA. Upon termination of this Supplement, and/or the ARA, for any reason, Agent shall provide to ARC and the Carriers a full, complete, and satisfactory accounting to ARC and the Carriers, and shall fulfill all obligations accrued prior to the effective date of such termination.
15. A breach of any provision of, or obligation under this Supplement, shall constitute a breach of the ARA and shall be subject to the unilateral termination of this Supplement by ARC (and ARA as well if all of the Agent's locations are CSLs). The Agent may appeal such termination to the Travel Agent Arbiter in accordance with the terms of the ARA.
16. The Agent agrees to pay an annual administrative fee for each of its authorized CSL locations included on the ARC List, in accordance with the provisions of the ARA.

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## Supplement 6

## SUPPLEMENT COVERING A TICKETING FULFILLMENT LOCATION

This agreement is entered into by the Airlines Reporting Corporation (hereinafter referred to as "ARC"), a close corporation chartered in the state of Delaware with its principal place of business at 4100 North Fairfax Drive, Arlington, Virginia, 22203 on its own behalf and on behalf of the Carriers which have executed, or hereinafter execute, the ARC Carrier Services Agreement (hereinafter referred to as "Carrier" or "Carriers")

and

the Person\* who executes the memorandum of agreement, or otherwise concurs in the adoption of this Agreement, as described in section XXV of the Agent Reporting Agreement ("ARA"), agreeing to be bound to the terms and conditions of this Agreement (hereinafter called "the Agent").

**\* If the entity identified above is applying for approval of a branch Ticketing Fulfillment Location (TFL), this Supplement to the ARA shall become effective only on or upon such date as evidenced by written notification from ARC to the Agent that the Agent's Application for a TFL has been approved and that such TFL has been included on the ARC List.**

This agreement supplements the ARA entered into by ARC and Agent, including any and all amendments or revisions thereto. Moreover, the provisions of the ARA, including any and all amendments or revisions thereto, are incorporated into this Supplement by reference.

For purposes of this Supplement the following definitions shall apply:

ARC TRAFFIC DOCUMENTS include only automated ticket/boarding pass ("ATB") forms (paper format).

A TICKETING FULFILLMENT ("TFL") LOCATION is a branch office location – whose purpose is to serve as a centralized ticket printing office for the Agent. No sales activity, such as, but not limited to, travel promotion, counseling and reservations, shall occur at this location. The TFL location may not be a Satellite Ticket Printer ("STP") location. The Agent's TFL location may share premises with an accredited Centralized Service Location (CSL).

The parties state that:

1. Agent wishes to centralize its ticketing fulfillment functions at a separate, non-sales location or on the premises of an accredited Centralized Service Location (CSL).

2. Agent affirms the representations made in its application to ARC, which appears as Attachment A to, and is incorporated into, this Supplement by reference. This Supplement shall supersede all prior agreements between ARC and the Agent concerning the TFL.

3. ARC finds that, subject to the conditions described in this Supplement, Agent should be provided an opportunity to operate a TFL location.

In consideration thereof, the parties agree as follows:

4. The TFL location shall be: (1) assigned a separate agency code number; (2) separately listed on the ARC List; (3) cross-referenced to its home office agency location; and (4) an accredited ticketing system, as outlined in Section 5.14 (of the *Industry Agents' Handbook*), which is hereby incorporated by reference as though fully set forth in this Supplement. The ownership of the TFL location may not be transferred independently of the transfer of the HOL ownership. The responsibility for the TFL shall be the Agent's, in accordance with the ARA, as it may be modified by this Supplement. (The same TFL location may operate as a TFL location for multiple ARC entities provided each entity has applied and received approval for the TFL location to operate as its TFL branch office. The TFL location will receive a separate ACN for each ARC entity it represents.)

5. ARC shall deliver to Agent, or Agent designated location, Traffic Documents intended for use at the TFL location. Agent may order and maintain a supply of ARC Traffic Documents at the TFL location equal to the highest number of such documents used at the location during any three months in the past 12 months rounded up to the next even thousand. Since only ATB Traffic Documents may be used at the TFL location, no agency plate shall be provided to the Agent for the TFL location. The supply of ARC Traffic Documents will be calculated separately for each ARC entity the TFL location represents.

6. The Agent will appoint an attendant at the TFL location that is familiar with all facets of operating the TFL, including the security and accountability of the ARC Traffic Documents. The attendant is the



- person responsible for maintaining the security and integrity of the ARC Traffic Documents at the TFL location and will be the primary contact for ARC at the TFL location. One individual may serve as the appointed attendant for multiple ARC entities.
7. The Agent shall immediately notify ARC, in writing, of the removal or replacement of Agent's attendant(s) and shall provide the name of each new attendant and such other information ARC may reasonably require regarding the attendant(s).
  8. The ARC Traffic Documents at the TFL location shall only be issued as passenger and flight coupons and the transaction shall be included in the IAR Sales Report of an accredited non-TFL location of the Agent. The Agent shall Submit "No Sales" reports for the TFL location in accordance with Section VIII.A of the ARA.
  9. The TFL location must comply with all rules or ARC Traffic Documents detailed in the Agent Reporting Agreement, including the security rules in Attachment B. A limited exception will be made for a TFL location that does ticketing fulfillment for multiple ARC entities in that the storage container for ARC Traffic Documents described in Sections VI, VII, and VIII of Attachment B may contain ARC Traffic Documents for all entities which have appointed the TFL as its TFL location.
  10. The Agent, regardless of any security measures taken, assumes full and absolute liability, including attorneys' fees, for any and all damage, expense or loss experienced by any Carrier, its officers, agents or employees for the loss, misapplication, misdirection, theft or forgery of ARC Traffic Documents assigned to the TFL location's agency code number. Notwithstanding the Agent's absolute liability for documents assigned to the TFL location, Agent shall ensure that the TFL location meets all security requirements, including Attachment B of the ARA, expressed in this Supplement, and the ARA.
  11. Agent agrees to permit, or to obtain authority to permit, access by authorized ARC representatives to the TFL location in order for such representatives to determine compliance with this Supplement and with all other applicable provisions of the ARA. The representatives of any carriers shall also be guaranteed access for the purposes provided for in Section XIV of the ARA.
  12. If the Agent wishes to temporarily close any of its TFL locations, Agent shall provide prior written notice to ARC in the form prescribed. If Agent wishes to relocate any of its TFL locations, Agent shall notify ARC in writing in the form prescribed and Agent must obtain prior written approval from ARC. In the event of a termination of the ARA with the home office agency location for any reason, this Supplement shall also automatically terminate, but in any event, termination of this Supplement shall occur no later than the effective date of the termination of the ARA. Any termination hereunder shall be subject to a full, complete, and satisfactory accounting by Agent to ARC and the carriers of all obligations accrued prior to the effective date of such termination.
  13. This Supplement may be terminated by either ARC or Agent, at any time, upon prior written notice to the other, subject to the fulfillment by each of the parties of all obligations accrued prior to the effective date of such termination.
  14. A breach of any provisions of, or obligations under, this Agreement, shall subject the Agent to the unilateral termination of this Supplement by ARC. The Agent may appeal such termination to the Travel Agent Arbiter. Additionally, a breach of any provision of, or obligation under, this Agreement, shall constitute a breach of the ARA, and shall be subject to the provisions thereof concerning reviews of qualifications of, and breaches by, the Agent.

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Supplement Covering Travel Agents Exempt from Electronic Reporting

This agreement by and between Airlines Reporting Corporation (hereinafter "ARC"), 4100 North Fairfax Drive, Suite 600, Arlington, VA 22203-1629, on its own behalf and on behalf of the Carriers which have or hereafter execute the ARC Carrier Services Agreement (hereinafter "Carrier" or "Carriers") and which appoint the Agent under this agreement,

and

the Person who executes the memorandum of agreement, or otherwise concurs in the adoption of this agreement, as described in section XXV of the Agent Reporting Agreement ("ARA"), agreeing to be bound to the terms and conditions of this agreement (hereinafter called "the Agent").

WITNESSETH:

WHEREAS, ARC maintains an ARC List containing the names of Persons who have been found to meet certain minimum requirements and qualifications, and are eligible to issue ARC Traffic Documents and to sell air transportation or provide for ancillary services on Carriers which appoint them;

WHEREAS, Carriers which are parties to the ARC Carrier Services Agreement may appoint and provide their Airline Identification Plates to such Persons for the sale of air transportation and the issuance of ARC Traffic Documents on their behalf;

WHEREAS, ARC administers and operates the Agents' Standard Ticket and Area Settlement Plan (hereinafter "ASP" or "the Plan") through which Persons included on the ARC List report ARC Traffic Documents for the sale of air transportation and ancillary services on behalf of the Carriers, and make settlement therefor;

WHEREAS, the Agent engages in the sale of air transportation to the public as agent for and on behalf of the Carriers and, upon application duly submitted, the agent has been found qualified for inclusion on the ARC List;

WHEREAS, the Agent will utilize the Plan to report ARC Traffic Documents issued for the sales of air transportation and ancillary services on behalf of the Carriers appointing such Agent, and make settlement therefor;

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements hereinafter set forth, it is mutually agreed as follows:

Section I: Incorporation by Reference of ARC Agent Reporting Agreement

The parties hereto, the Airlines Reporting Corporation and the Agent, herewith acknowledge, affirm and agree, that they have each properly executed the attached Agent Reporting Agreement, and that said Agent Reporting Agreement is incorporated herein by reference, and shall be binding on these parties as of the date of this Supplement 8, except to the extent that said Agent Reporting Agreement is modified by the following terms and conditions of this Supplement 8.

Section II: Definitional Modifications

For purposes of this Supplement 8, Section II of the ARC Agent Reporting Agreement, styled Definitions, is herewith modified as follows:

ARC TRAFFIC DOCUMENTS (PAPER FORMAT) means manual ARC Traffic Documents.

AGENT means any Person included on the ARC List for the purpose of selling air transportation and ancillary services that currently issues manual ARC Traffic Documents and currently does not, and has never, issued ARC Traffic Documents via a system provider. This includes all home and branch locations and all authorized locations under common Control.

AUTHORIZED AGENCY LOCATION means a place of business operated by an agent, including the home office location and any branch office location, that is included on the ARC List and at which the Agent is approved to issue only manual ARC Traffic Documents and for which the Agent is required to mail its Sales Reports on paper, rather than Submit them electronically via IAR.

SALES REPORT means the required Sales Report in paper (postal) format that must be mailed by First Class mail postage prepaid, or by Express Mail, or delivered to ARC by the Submission Deadline, including "No Sales" report(s).

Section III: Purpose and Scope

For purposes of this Supplement 8, Section I of the ARC Agent Reporting Agreement, styled Purpose and Scope, is herewith modified to add a new paragraph E as follows:

- E. Effective January 1, 2003, ARC converted the ASP to electronic processing only. Notwithstanding this conversion, certain ARC-accredited travel agents may



qualify for an exemption from electronic processing if the Agent is currently included on the ARC List; currently issues only manual ARC Traffic Documents; and currently does not, and has never, issued ARC Traffic Documents via a System Provider as defined in the ARA. In such event the Agent must Submit paper Sales Reports only and the provisions in the Agent Reporting Agreement regarding issuance of ARC Traffic Documents in electronic format and Submission of Sales Report(s) via IAR would not apply. All other provisions of the ARA shall apply equally to both IAR and non-IAR locations.

#### **Section IV: Reports and Settlements, Defaults and Other Financial Irregularities Under ASP**

For purposes of this Supplement 8, Section VIII.A of the ARC Agent Reporting Agreement, styled Reports and Settlements, Defaults and Other Financial Irregularities Under ASP, is herewith modified as follows:

##### **A. Reports and Settlements-General**

2. The Agent shall Submit a Sales Report containing the auditor's coupon of all ARC Traffic Documents, and other supporting documents, accounting for all ARC Traffic Documents issued and validated during the seven-day period Monday through Sunday ("Sales Report Period"). The Sales Report shall be submitted to ARC in the form prescribed. With each report, the Agent shall Submit a settlement authorization form reflecting the maximum amount to be drawn from the Agent's account. If no air transportation or ancillary services have been sold during the Sales Report Period, the Agent shall Submit to ARC a Sales Report reflecting "No Sales."

3. The Sales Report, with auditor's coupons and other supporting documents, or advice of "no sales," shall be mailed by First Class mail postage prepaid, or by Express Mail, or delivered to ARC, not later than Tuesday following the close of the Sales Report Period or by Wednesday if Monday or Tuesday is a designated Federal or state legal holiday, Rosh Hashanah or Yom Kippur.

##### **D. Financial and Reporting Irregularities**

1. This subsection governs payment of amounts due in the event of a dishonored check or failure to file a complete and proper Sales Report. It does not govern any amounts settled under a Variable Remittance plan, where applicable, if either the payment is made directly to an individual Carrier or ARC collects the amount expressly on behalf of an individual Carrier by means of an individual draft.

a. ARC will immediately notify the Agent and its surety when a Check drawn by ARC has been dishonored by the Agent's bank. If the Agent does not immediately provide a certified check or wire funds to cover the dishonored c, ARC will withdraw from the Agent, and from all agents under common Control with the Agent, and all Authorized Agency Locations under common Control with the Agent, all ARC Traffic Documents (paper format) and Airline Identification Plates, and so notify the Carriers.

ARC Traffic Documents will be re-supplied and Airline Identification Plates will be returned, in accordance with Section XII.B of the ARA, except the identification plate of the Carrier which has expressly instructed ARC to the contrary, to the Agent and all Authorized Agency Locations under common Control with the Agent, unless the Carrier has also taken action to terminate the Agent's appointment pursuant to Section XXIX of the ARA, when all amounts owing the Carriers under the ARA have been fully paid (including, but not limited to, all other Checks drawn by ARC and dishonored by the Agent's bank) unless there is an outstanding notice of cancellation of the Agent's Financial Guarantee Instrument.

A compensatory assessment shall be charged by ARC for each dishonored check for payment of Sales Reports to defray processing costs associated with the handling of dishonored Checks, interest expense and special service costs described in section XI.H. This assessment will be calculated and charged by ARC based on a formula approved by the ARC Board of Directors. ARC shall notify the Agent as to the amount of the charge and the date on which payment will be due. The Agent hereby authorizes ARC to collect the charge by issuing a draft against the bank account maintained pursuant to Section VII.B of the ARA. Alternatively, the Agent shall make payment directly to ARC if required by the notice.

b. ARC will notify the Agent if it has failed to include in its Sales Report all ARC Traffic Documents issued through the close of the Sales Report Period, as provided in subsections A.2 and A.3 of this section, or has included sales which have been Improperly Reported. Unless the Agent immediately provides a certified check and supporting documents to cover the Unreported and/or Improperly Reported Sales, ARC will notify the Carriers, and, where a clear

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and present danger of substantial loss is present, withdraw from the Agent, and all Authorized Agency Locations under common Control with the Agent, all ARC Traffic Documents (paper format) and Airline Identification Plates.

ARC Traffic Documents will be re-supplied and Airline Identification Plates will be returned, in accordance with Section XII.B of the ARA, except the identification plate of any Carrier which has instructed ARC to the contrary, to the Agent and all agents under common Control with the Agent, unless the Carrier has also taken action to terminate the Agent's appointment pursuant to Section XXIX of the ARA, when all amounts owing the Carriers under the ARA have been satisfactorily accounted for (including, but not limited to, payment of all Checks drawn by ARC and dishonored by the Agent's bank) unless there is an outstanding notice of cancellation of the Agent's Financial Guarantee Instrument.

A compensatory assessment shall be charged by ARC for Unreported and Improperly Reported Sales disclosed by an inspection pursuant to Section XIV of the ARA, or otherwise disclosed, to defray costs associated with the processing and handling of the discovery and resolution of Unreported and Improperly Reported Sales, and special service costs described in Section XI.H of the ARA. This assessment will be calculated and charged by ARC based on a formula or formulas approved by the ARC Board of Directors. ARC shall notify the Agent as to the amount of the charge and the date on which payment will be due. The Agent hereby authorizes ARC to collect the charge by issuing a draft against the bank account maintained pursuant to Section VII.B of the ARA. Alternatively, the Agent shall make payment directly to ARC if required by the notice.

- c. If a Sales Report together with auditor's coupons and supporting documents has not been received by ARC within eight days after the close of the period, ARC will notify the Agent.

Evidence of timely dispatch will be limited to:

- 1) A Post Office postmark; or
- 2) Other evidence supplied by the Post Office of the mailing date; or
- 3) Priority service air bill or any other documentation acceptable to ARC.

If the Agent has evidence of timely dispatch of the report, it shall, within 96 hours of notification by ARC, send copies of such evidence to ARC and promptly transmit to ARC a duplicate report, a settlement authorization form, and facsimiles of the auditor's coupons and other supporting documents for the report. In all other circumstances, the Agent shall, within 96 hours of notification by ARC, provide the report, or a duplicate report, to ARC with either the auditor's coupons and other supporting documents if available, or their facsimiles, and a certified check to cover the amount owed.

Unless the Agent complies with the above, ARC will withdraw from the Agent, and all Authorized Agency Locations under common Control with the Agent, all ARC Traffic Documents (paper format) and Airline Identification Plates, and so notify the Carriers.

ARC Traffic Documents will be re-supplied and Airline Identification Plates will be returned, in accordance with Section XII.B of the ARA, except the identification plate of any Carrier which has expressly instructed ARC to the contrary, to the Agent and Authorized Agency Locations under common Control with the Agent, unless the Carrier has also taken action to terminate the Agent's appointment pursuant to Section XXIX of the ARA, when the Agent has provided the report or duplicate report, and paid in full all amounts owed the Carriers under the ARA (including, but not limited to, payment of all Checks drawn by ARC and dishonored by the Agent's bank) unless there is an outstanding notice of cancellation of the Agent's Financial Guarantee Instrument.

A compensatory assessment shall be charged by ARC for a missing report, or one for which the Agent does not have evidence of timely dispatch (i.e., mailed not later than Tuesday following the close of the report period in accordance with Section VIII.A.3 above) to defray handling and processing costs attributable to missing reports and special service costs described in Section XI.H of the ARA. This assessment will be calculated and charged by ARC based on a formula approved by the ARC Board of Directors. ARC shall notify the Agent as to the amount of the charge and the date on which payment will be due. The Agent hereby authorizes ARC to collect the charge by issuing a draft against the bank account maintained pursuant to Section VII.B of the ARA.



Alternatively, the Agent shall make payment directly to ARC if required by the notice.

2. This subsection governs insufficient settlement authorization amounts.
  - a. If ARC determines that the amount specified by the Agent on the settlement authorization form is less than the amount owed the Carriers, ARC will notify the Agent of the amount due and request immediate payment. .
  - b. If the Agent fails to timely pay all amounts owed, ARC shall take such action as it deems appropriate under the circumstances.

3. The Agent has been declared in default pursuant to Section VIII.D of the ARA (and the default includes a failure or refusal to surrender all ARC Traffic Documents (paper format) and Airline Identification Plates) but such declaration is withdrawn prior to the Agent's termination.

For the purposes of Section IX, evidence of timely dispatch of a paper (postal) Sales Report will be limited to:

- 1) A Post Office postmark, or
- 2) Other evidence supplied by the Post Office of the mailing date, or
- 3) Priority service air bill or any other documentation acceptable to ARC.

### **Section V: Additional Operating Requirements**

For purposes of this Supplement 8, Section IX of the ARC Agent Reporting Agreement, styled Additional Operating Requirements, is herewith modified as follows:

- A. The Agent shall be subject to the requirements of this section when, during any twelve (12) month period the following occurs:
  1. Three or more of the Agent's Checks for sales have been dishonored and ARC has not received immediate reimbursement for such upon demand by ARC; or
  2. Three or more of the Agent's Sales Reports, including all required auditor's coupons and supporting documents, have not been provided to ARC within 96 hours after notice to the Agent from ARC and such Sales Reports are ultimately received, prior to the termination date of the ARA pursuant to Section VIII.D.1.e.1; or

### **Section VI: Inspection and Retention of Agent Records**

For purposes of this Supplement 8, Section XIV of the ARC Agent Reporting Agreement, styled Inspection and Retention of Agent Records, is herewith modified as follows:

- A. The Agent shall retain a duplicate copy of each Sales Report and copies of supporting documents, as well as the sales summary and the Agency's copies of voided ARC Traffic Documents, for at least two years from the date the Sales Report was due to be submitted to ARC .

### **Section VII: Termination**

Notwithstanding the provisions in Section XXIX of the ARA, in the event of termination of the ARA between the Agent and ARC, for any reason, this Supplement shall immediately terminate. Termination shall not affect the Agent's obligations that accrued prior to such termination, including, without limitation, its obligation to Submit all outstanding Sales Reports and remit payment therefor.