



INDEPENDENT CONTRACTOR AGREEMENT

(Revised 8/1/08)

Whereas, the Business and Professions code section 17550 of the state of California has made it a criminal offense to sell travel arrangements without an adequate surety bond to cover any person injured by a wrongful act or a trust account to protect deposited passengers.

Whereas, the travel industry no longer is regulated with respect to fixed selling prices.

Whereas, certain persons do not wish to be employees of appointed travel agencies whereby they must follow the rules governing employees of those agencies, nor do they choose to be appointed and bonded full service travel agency owners.

Whereas, Montrose Travel is desirous of increasing profits by selling travel tickets and documents to market segments that are not now available to it by offering an alternative to persons with a travel client following choosing to be independent contractors.

Therefore, in consideration of the foregoing and the following terms and conditions, Montrose Travel (**MT**) and Independent Contractor (**IC**) agree:

- 1) **IC Declares** that IC is engaged in an independent travel business that is separate and distinct from MT's regular business. IC has a client following closely tied to IC that will not buy travel arrangements directly from MT. This market segment is not available to MT.
- 2) **IC's Clients:** IC agrees to sell IC's client following only, and that IC will never respond to a regular incoming telephone call nor talk to a regular walk-in prospect when IC is in the office of MT, nor will IC be compensated by MT for any such activity. If IC sees a MT client in the office, IC will not call or contact this client for business, even if the client is a personal friend, attends the IC's church, or is a member of an organization IC is part of. Activity of this type is most embarrassing to the client and can cause him to cease doing business with MT or the IC. Client is free to do business with whomever he wishes.
- 3) **IC's Right to Control:** MT will furnish no leads to IC but will help IC build IC's business. IC must represent to the general public that IC owns a travel business. IC is not restricted to any specific territory. While MT may offer IC bonuses, discounts, contests, and other incentives to induce maximum effort, nothing prohibits IC from working with other suppliers. Recognizing that IC's have specific and unique skills necessary to run their travel business, MT offers no supervision of any type to IC. IC determines IC's place of work, time schedule, rules of work, quality of work, and controls all client funds. No oral or written reports will be required from IC at any time. Attendance is not mandatory for any function or meeting.
- 4) **IC's Own Business:** While the city of Glendale does not offer a travel seller business license, IC agrees to operate IC's own business and set IC's own hours of operation over which MT has no control. IC shall bear all risks financially for IC's advertising, promotions, delivery, premium mail services, client gifts, print costs, business cards, letterheads, invoices, office supplies, charity contributions, auto expense, legal fees, accounting fees, bad debts, mistakes in tickets or documents, quotes or collections, client deposits up front, business travel expense, medical and hospital insurance, dues and subscriptions, auto and personal liability insurance, business insurance, state and federal income taxes, payroll taxes if employees are hired, FICA, SDI, unemployment tax, and workmen's compensation insurance and hold MT harmless therefrom. It is the

sole responsibility of the IC to pay for repairs of personal property used at MT for business purposes (e.g. typewriters, personal computers, calculators, etc.). IC shall obtain any necessary business license, Employee Identification Numbers and withhold properly for any of its employees, holding MT harmless therefrom. IC agrees to follow the rules and laws of outside agencies governing the travel industry, including, but not limited to those of the state of California, the U.S. Government, ARC, IATAN, CLIA, and Amtrak. Any violation of these rules is the sole obligation of IC. IC indemnifies MT from any such obligation arising from IC's violations of any governing body.

- 5) **IC Right to Price:** It is agreed that travel tickets and documents are consumer products, not a service. IC has the right to resell any such ticket or document at any price IC chooses and profit by the difference between cost and selling price; therefore, the cost of discounting is the sole responsibility of the IC and must be paid for out of the IC's portion of the profit. **While MT has no right to control the final selling price, unless agreed to in advance, MT will not permit any NONARC activity where less than a 5% commission net to MT is earned.** IC is in IC's own business and income is determined by negotiating costs as low as possible and selling for what the market will bear as does any business. IC is not required to adhere to prices, terms, or conditions of sale that are established for MT employees. However, all of IC's activity must conform to all federal, state and local laws and statutes.
- 6) **Client Gifts:** MT will share in the cost of client gifts for cruise bookings or other bookings that exceed \$2,000 providing such gifts are approved in writing by MT in advance. Unless agreed to in advance, MT will not share in any gift expense where less than a 5% net commission to MT is earned. MT checks must be used to pay 100% of such costs, to be reimbursed by IC check for IC portion.
- 7) **Accounts Receivable:** Although MT will help whenever and wherever necessary, it is IC's sole responsibility to collect from clients who have been extended credit. If money cannot be collected, then IC must pay the bill personally. Payment must be collected within seven (7) days of the extension of credit. IC will not receive credit for the sale until payment is collected and will receive no credit for the sale if payment is not made within 30 days.
- 8) **Debit Memos:** When debit memos are received that pertain to an IC booking, MT's ARC department will provide a copy of the debit memo to the IC. If IC does not believe the debit memo to be valid, documentation to dispute the claim with the supplier must be furnished to MT's ARC department within 7 days. MT's ARC department will work on IC's behalf to clear or reduce the debit memo. If MT's ARC department is not successful, or not successful to IC's satisfaction, IC maintains the right to continue to dispute the debit memo. In any case, IC is responsible for payment to MT of any debit memo 45 days after receipt.
- 9) **Advertising:** MT has no right to control IC's advertising in yellow pages, local directories, mailing programs, or other promotional activities except when MT's name or CST# is used in the advertising, in which case, MT needs to provide authorization in advance of such use. IC is free to seek and solicit clients from the general public without regard to any MT rules for employees.
- 10) **Travel Benefits:** Since IC is not an employee, MT offers no travel benefits to IC that are available to MT employees. If IC requests, MT will forward records of IC's purchases to any third party organization. IC is free to negotiate personal travel details with any airline, cruise ship, tour company, or hotel.
- 11) **IC on MT's IATAN List:** At IC's request, IC may apply for an IATAN card when all industry rules are met. As of this writing, current industry rules are as such: Annual Form 1099 or corporate statement gross income equals or exceeds \$5,000 (20 hours per week times 48 weeks times federal minimum wage per hour equals a minimum of \$5,000 gross profit earned per year to qualify). Reduced rate travel and familiarization trips are available to IC through MT when the above conditions are met and the IC has obtained an IATAN card. Travel

trade publications sometimes offer reduced rate trips IC may qualify for. All reduced rate travel must be booked and paid by IC.

- 12) **Use of Equipment:** IC is permitted to book and ticket air tickets on MT computers when equipment is available. If IC wishes exclusive use of desk space or equipment in an area segregated from regular employees, fair market value rental terms or cost plus arrangements at fair market value shall be negotiated. These costs may be offset through a commission sharing arrangement. IC is not required to use MT computers to book travel.
- 13) **Commission Split:** When IC does all work from booking to ticketing on a transaction and without the aid of MT personnel, IC will receive 50% of the net commission derived (where the net commission equals the total commission less any mutually agreed upon expenses deducted prior to profit sharing).
- 14) **MT Backup / Commission Split:** MT will help IC's clients when IC is not available if IC requests. For any IC transaction, if MT makes a reservation, produces tickets or invoices, or aids the transaction process in any way, the commission sharing becomes a referral and the IC receives 20% of the net commission.
- 15) **Up-Front Supplier Commissions:** IC is entitled to the benefits of all up front supplier overrides negotiated by MT due to MT's size, buying power, and supplier relationships. These up front overrides change frequently and MT will publish new schedules as necessary. Example: If the IC is in the 50% commission sharing bracket by performing all tasks on a booking and MT negotiates an up front override with the supplier of 15%, the IC will make a total of 7.5% (10% regular commission plus 5% up front override = 15%. IC share is 50% or 7.5%).
- 16) **Consolidator Fees / Extra Commission:** MT will share equally or as per this agreement in any excess income IC may earn or receive over the industry standard derived from the use of any of MT's deals or for any business put through MT.
- 17) **IC Transaction Fees:** Per item 5), IC has the right to charge whatever transaction fee to their customer(s) they so desire. Our typical percentage commission split does not apply to these transaction fees. Rather, a **flat fee of \$13 will be charged by MT to IC on all airline tickets issued or reissued by IC. This \$13 charge will be collected from IC by MT regardless if IC charges its client.** IC must develop a set fee schedule indicating their standard fee per transaction. Such schedule must be submitted to MT at time of contract signing and may be updated at anytime with a seven day written notice to MT. Any transaction fee deviating from the schedule and more than \$50 will be split according to our typical commission arrangement. Further, if IC uses CliqBook for corporate accounts, CliqBook pricing is based on corporate account online self booking volume and a separate contract is required/issued.
Note: The above pertains to transactions completed in their entirety by the IC, without the aid of MT personnel. If any MT personnel are involved with the transaction, then the standard commission split outlined in Item 14 will be applied.
- 18) **Commission Receivable:** : In the event that MT is unable to collect outstanding commissions due from a supplier through normal channels, it is the IC's responsibility to collect commission and payments receivable from suppliers.
- 19) **Credit Card Transaction Liability:** If IC's client uses a credit card, IC is responsible for cardholder signatures. IC is responsible for all disputed, declined, or fraudulent charges within 30 days of knowledge.
- 20) **MT Liability to IC Client:** Other than providing legal tickets and documents in a timely manner in accordance with the law, MT neither assumes nor accepts any liability to any IC client.

- 21) **No Quota:** MT will never impose a minimum quota on IC. IC is free to purchase from MT or not, as IC chooses. There is no necessity for termination rights in this agreement by IC or MT. However, each must complete any negotiated items such as space or equipment rent or obligations on client projects in progress. Terms of each individual project are to be negotiated between IC and MT and agreed to mutually. MT has no right to determine unilaterally whether or not IC continues to perform services.
- 22) **MT Credentials:** MT agrees that all tickets and documents furnished to IC for IC's clients will comply with state and federal laws to protect against travel "scams" and unscrupulous travel promoters. MT is an official member in good standing of the California Seller of Travel Program and has been assigned #1018299-10. MT is also a member of the Travel Consumer Restitution Fund. In addition, MT maintains bonds and/or Letters of Credit with various government entities to remain within all laws, and with many suppliers to obtain lower prices or maximum commissions. IC's clients must make payments by check to MT in MT's name or by credit card to MT or to the supplier directly to receive this protection. However, IC has the right to maintain bonds, memberships, or letters of credit on his own for any reason.
- 23) **IC use of MT Employee:** If IC requests help on any special project requiring the time of a MT employee, IC will compensate MT at a fair market rate for such time spent as negotiated by the parties.
- 24) **IC's Liabilities / No Employee Relationship:** MT and IC agree that IC's purchases are not an essential or integral part of MT's regular business. IC acts to further IC's business, not that of MT. All tickets and documents sold by IC to IC's clients are provided in IC's name and those of disclosed principals such as airlines, cruise lines, hotels, tour companies, car rental companies and Amtrak. MT has no right or power to correct improperly handled orders by IC other than stated elsewhere in this agreement. IC is solely responsible for any misquotes or any monies due IC's clients due to IC error. IC is not a bonded employee of MT. IC is not an agent of MT. Quotations, pricing, disclosed or undisclosed defaults, supplier bankruptcies and correct information for clients are the sole responsibility of IC.
- 25) **1099:** When mutually negotiated profit sharing occurs in those projects whereby an outright purchase by IC is not possible, MT will report these payments to the state and federal government at the end of each year with no withholding or deductions. MT will issue a 1099 statement at the end of each calendar year for tax purposes if IC earns \$600 or more during the year unless IC operates a corporation. It is IC's responsibility to pay all applicable taxes and fees.
- 26) **IC Client Confidentiality:** MT will hold IC client names in strict confidence. MT will not knowingly promote by direct mail to IC's current client base (excludes prospects or potential clients). Upon IC's request, these names will be purged from MT's mailing list. IC's client list is always the property of IC.
- 27) **Arbitration:** Any dispute between IC and MT concerning the terms and conditions of this agreement shall be submitted to binding arbitration pursuant to the laws of the state of California.
- 28) **Insurance / Claims:** MT does not provide IC with Workman's Compensation Insurance, State Disability Insurance, Auto or any form of liability insurance, because IC is outside the scope of such employee benefits. IC agrees to hold harmless and indemnify MT against any claim for injury that may occur to IC in performance of IC's duties. If IC is injured while visiting MT's office, insurance liability coverage is in effect as it is for any client of MT.
- 29) **MT's Blocked Group Cruise Space / Earned Free Cabins:** IC's have the ability to purchase and resell cruise line cabins to their individual clients at heavily discounted rates per our Blocked Group Cruise Space because of MT's buying power. Free cabins earned are pro-rated based on IC's sales on that group sailing. If IC chooses in

advance and actively promotes specific MT Blocked Group Cruise Sailings, provided such arrangements are authorized in advance and in writing by MT, IC may use such earned free space for key group organizers.

- 30) **IC Group Travel / Free Space:** MT suggests IC develop and build group business or organize and lead groups as the escort. IC may purchase group travel from MT at a negotiated cost. MT agrees to aid IC in obtaining the lowest cost possible by utilizing MT buying power. The financial details of commission sharing may vary. Each group project outside the scope of this standard commission sharing agreement must be negotiated between IC and MT on an individual basis. When approved in advance, promotion, tour escort, group organizer, advertising, and entertainment expenses are deducted up front before the group accounting is finalized and profit is shared. If IC does all the work on the group the profit remaining is shared 50-50 (including any unused free space). If MT handles the details with IC's assistance, IC will receive 10%-25% of the profit depending on the complexity and profitability of the group. Profit is shared in the month following client departure.
- 31) **When Free Space Belongs to IC:** Providing IC pays all deposits, promotion and advertising with IC's own money, free or reduced rate travel earned from such projects belongs 100% to IC and may be used or given away as IC sees fit. If IC wishes MT to participate in administrative functions, other than cost negotiations, IC will reimburse MT for services rendered on mutually agreeable terms. If free space is earned, but not used, the value of the free space is considered commission and split per our normal agreement.
- 32) **IC Group Business and Third Party:** If IC develops group business with the help of a third party, it is the responsibility of the IC to discuss a commission sharing arrangement in advance with MT. MT must agree prior to IC offering the commission sharing arrangement to the third party. IC cannot bind MT without MT's prior approval.
- 33) **IC Furnished Group Lead:** If IC provides a lead for a group organizer, but is not involved in cultivating the group beyond the original lead, a finder's fee may be paid by MT to IC. The amount will correlate to the actual value and profitability of the travel done by the group and will be negotiated on a group by group basis. A finder's fee based on the net profit may be paid.
- 34) **MT to Pay IC by the 15th of Each Month / Bookings Must be in Computer:** IC's are paid by the 15th of each month and are paid in the month following traveler departure. IC and MT will share the responsibility of identifying referral clients for payment. Payment for travel and insurance is made based on purchases / bookings made and entered into an existing GDS system at MT. If purchases / bookings are made and not entered into the GDS within six months of the travel date, MT is unaware of their existence and cannot pay the IC. It is IC's sole responsibility to review all payment and productivity reports sent by MT. Any discrepancy in any MT provided payment or report must be reported to MT by IC within 30 days of receipt of said report.
- 35) **Additional Automation:** If the IC wishes to install other automation in a location other than MT, all costs, fixed and variable, are the sole responsibility of the IC.
- 36) **Commercial Travel Program:** IC is entitled to sell the complete commercial account program including all client benefits. All fixed expenses associated with handling such business (i.e. 24 hour service, 800 phone numbers currently in use, management reporting capabilities, and corporate rate car and hotel programs) will be absorbed 100% by MT. All variable expenses associated with handling such business (i.e. limousine service, airport club memberships, absorption of PTA's, emergency expenses, delivery, new 800 phone numbers or any other out of the ordinary expenses necessary in servicing commercial business), if approved in advance, will be shared by MT and will be deducted from profit generated prior to profit sharing.

- 37) **IC Furnished Commercial Account Leads:** In exchange for referring business to MT, MT will pay referrer one lump sum payment equal to 10% times the 1st 6 months total net commissions* generated. Payment will be made within 30 days of the ending of the sixth month. For payment to be made: 1) account must be booking travel for at least 6 months; 2) account must show signs of continuing the relationship beyond 6 months, 3) account cannot have been an account of MT in the past. (*Net commissions are commissions paid to MT by airlines or other travel suppliers, exclusive of consolidator or coupon mark-ups, less any direct commission discounting).
- 38) **Marketing Support:** At IC's request, MT may help with destination information, advertising layouts, group organizing, special promotions, and any projects that will help IC earn more money. Depending on the depth of MT's involvement, a mutually agreed upon fee may apply. MT will co-op share certain expenses (on the same split as the commission sharing arrangement) as an incentive for IC to maximize purchases of travel products from MT, (when approved in writing in advance by MT) such as, newsletters, mailing programs, announcements, and other advertising or promotion costs. All receipts must be submitted to MT and MT checks must be used to pay 100% of such costs. All such materials must contain MT CST #1018299-10 and disclosure required by California Business and Professions Code, section 17550.13 and section 17550.24.
- 39) **Phone Calls and Routing:** IC may request the MT receptionists to route incoming calls from IC's clients to IC's office extension or residence telephone. IC will instruct MT how various types of calls should be handled. It is the responsibility of the IC to direct their clients to tell MT personnel the name of the IC with whom they are working. IC agrees that only legitimate clients and prospects will use MT's incoming 800 toll-free telephone number routed to IC when client asks for IC by name. Personal calls from friends or relatives will be charged back to IC.
- 40) **Delivery:** Premium delivery service (FedEx, priority mail, standard, or 2nd day) expense for FIT and group business will be shared by MT and IC on a 50/50 basis up to a maximum of \$8.50 per delivery. For any premium delivery cost greater than \$8.50, the difference between the actual cost and MT's share of \$4.25 will be absorbed 100% by IC.
- 41) **MT Incentive to IC:** MT offers IC an increase in percentage of commission sharing as an incentive to maximize purchases of travel and travel related products from MT. This includes, but is not limited to, transaction, service and consolidator fees. (See addendum A)
- 42) **IC's Use of MT Name and Identification Numbers:** IC agrees to never use MT's name or ARC, CLIA, IATAN, ASTA, ARTA, CST or any other identification number for any reason or with any supplier without MT's knowledge.
- 43) **Proprietary Information:** While associated with MT as an IC you have access to extremely confidential, proprietary information. This information is typically, but not limited to, special pricing programs from our vendors and is unique to MT. These programs are to be used for and sold to your clients (the end user of the product) only. Under NO circumstances can this information be shared with any travel provider without written consent from Andi Mysza, Joe McClure or Julie McClure.
- 44) **Group Air Contracts:** IC does not have the right to sign or enter into any group air contracts with any carriers involving any of MT's ARC numbers without the express approval of Andi Mysza, Joe McClure, Julie McClure or Laurie Tullock. If IC does so, IC risks any or all of the following: (1) Termination of IC contract; (2) IC will be financially responsible for any loss of override or negative financial impact due to group contract; (3) IC will receive no payment on any commission or fees generated on the group.

- 45) **MT's Right to Change:** MT reserves the right to modify any portion of this agreement at any time with or without the consent of IC. If MT does change any part of this agreement in the future, this signed agreement will honor any bookings in progress. Upon any change, IC retains the right to continue to do business with MT or not.
- 46) **Ticketing:** If any action by IC, including but not limited to creative and/or illegal ticketing, spawns an audit of all MT activity by a supplier, then that IC is liable for any damages MT may incur as a result of such and audit.
- 47) **Call Recording:** Montrose Travel records all calls incoming and outgoing for customer service and training purposes. By signing this agreement, I understand and give my consent that any calls I may participate in with Montrose Travel may recorded.

Please Check One:

_____ IC will occupy space, segregated from MT regular employees and use MT equipment. Fair Market Value must be offset by MT's share of commission generated by IC each year or paid in cash. The amount may be pro rata as negotiated. It is recognized that this is a major element in determining the independence of IC.

_____ Does not apply. IC will not occupy exclusive space or use MT equipment on an exclusive basis.

Independent Contractor's Name (Print): _____

Independent Contractor's Business Name: _____

Business Address: _____

City, State, Zip: _____

Telephone #: _____ **Email:** _____

Social Security # of owner or state and federal ID#'s: _____

Signature, Independent Contractor

Signature, For Montrose Travel

Date

Date

Suggested Wording for IC Business Cards:

<p>(Staple Here)</p> <p>IC COMPANY NAME</p> <p>(ANY OTHER INFO IC WISHES)</p>	<p>Affiliated with Montrose Travel. (CST #1018299-10 member of TCRF) and other fine suppliers.</p>
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PERFORMANCE INCENTIVE

Addendum (A)

Montrose Travel will pay the following performance incentive to IC providing IC achieves any of the outlined "Gross Commission Levels" for purchases of travel and travel related products through Montrose Travel.

The performance incentive period begins January 1 and ends December 31 of each year. No partial or pro-rata payments will be made. (As defined by MT, gross commissions are based on the "Booking or Ticketing Agent Reports" generated by MT's accounting department and will not include previously discounted, rebated, or specially / previously negotiated products or transactions or any transactions whereby MT earned less than the stated minimum as per this agreement.)

	<u>Gross Commissions</u>	<u>IC Profit Sharing</u>	<u>IC Cash INCENTIVE</u>	<u>Total IC Income</u>
Level #1	30,000	15,000	300	15,300
Level #2	40,000	20,000	800	20,800
Level #3	50,000	25,000	1,500	26,500
Level #4	60,000	30,000	1,800	31,800
Level #5	70,000	35,000	2,100	37,100
Level #6	80,000	40,000	4,000	44,000
Level #7	90,000	45,000	5,400	50,400
Level #8	100,000	50,000	10,000	60,000
Level #9	125,000	62,500	12,500	75,000
Level #10	150,000	75,000	15,000	90,000
Level #11	175,000	87,500	21,000	108,500
Level #12	200,000	100,000	24,000	124,000
Level #13	250,000	125,000	30,000	155,000
Level #14	300,000	150,000	36,000	186,000
Level #15	350,000	175,000	42,000	217,000
Level #16	400,000	200,000	48,000	248,000

AUTHORIZATION and RELEASE

Independent Contractor Name: _____

I understand the requirements of the Screening Program of the Company and do hereby consent to have an investigation made on behalf of the Company as to my background. I agree to give any further information, which may be required in reference to my past record.

I also authorize and request every person, firm, company, corporation, governmental agency, credit company, schools and or institution of having control of any documents, records and other information pertaining to me, to furnish to the Company, its representatives and the Investigation company to inspect and make copies of such documents, records and other information. I understand and agree that all documents, records and other information furnished to the Company are privileged and confidential, and the furnishing of such documents, records and other information and or the contents thereof, shall not be a basis for any suit by me or on my behalf. I agree and understand that a copy of this Authorization may serve as an original.

I hereby release, discharge and exonerate the Company, its agents and representatives, the investigation company, and any person or entity furnishing oral reports, documents, records or other information, from any and all liability of every nature arising out of any such investigation, or out of the furnishing, inspection or use of such reports, documents, records and other information. I hereby certify that I understand and agree to the foregoing.

NOTE: Credit report will be accessed.

Date: _____

Signature (Full Name) _____

Driver's License # _____ DOB: _____

Social Security # _____

Current Address _____

Previous if less than 2 years _____

List any other names used (i.e. maiden name, nickname) _____

Ever been arrested and/or convicted of a crime (other than minor traffic violations) If yes, list all:
