



U.S. Department of Justice

*Carlie Christensen
Acting United States Attorney
District of Utah*

*185 South State Street, # 300
Salt Lake City, Utah 84111-1506
(801) 524-5682*

August 13, 2014

Messrs. Brett Tolman, Matthew Lewis and Eric Benson
Attorneys for Grand America Hotels & Resorts
c/o Ray Quinney & Nebeker, P.C.
36 South State Street, Suite 1400
Salt Lake City, Utah 84111

Re: Non-Prosecution Agreement for Grand America Hotels and Resorts

Dear Attorneys for Grand America Hotels and Resorts:

On the understandings specified below, the United States Attorney's Office for the District of Utah ("this Office") will not criminally prosecute Grand America Hotels & Resorts¹ ("Grand America Hotels and Resorts") its current: owners, employees, managers, officers and directors, or any of its direct or indirect subsidiaries and corporate affiliates and any of their current: owners, employees, managers, officers and directors (collectively "Grand America Entities") for any crimes (except for criminal tax violations as to which this Office cannot and does not make any agreement) related to the unlawful hiring or employment of illegal aliens for any employee hired prior to the date of this agreement. These crimes include, but are not limited to: offenses arising under 8 U.S.C. § 1324(a)(1)(A)(iii) (harboring aliens), 8 U.S.C. § 1324(a)(1)(A)(iv) (encouraging or inducing illegal immigration), 8 U.S.C. § 1324a (unlawful employment of aliens), 18 U.S.C. § 1546(b) (mishandling of employment verification forms), and 42 U.S.C. § 408(a)(7)(B) (misrepresentation of social security numbers). This Office and HSI agree that its investigation of Grand America Hotels and Resorts and its current employees, managers, officers and directors with respect to or relating to the hiring or employment of unauthorized aliens, as described in the preceding paragraph, will end upon execution of this agreement. Furthermore, Homeland Security Investigations ("HSI") will not refer or initiate any criminal, civil, or administrative action against any of the Grand America Entities listed in footnote 1, related to the unlawful hiring or

¹ Grand America Hotels and Resorts, Inc. is a Wyoming corporation that owns, through various subsidiaries, hotel and resort properties in Utah, Wyoming, Arizona, California, and Idaho. One such subsidiary is the Grand America Hotel Company, which owns the Grand America Hotel in Salt Lake City, Utah. This subsidiary is referred to hereinafter as "The Grand America." Grand America Hotel and Resorts' other subsidiaries include: Little America Hotel Company, Little America Hotels and Resorts, Inc., Westgate Hotel Company, Sun Valley Company, and Snowbasin Resort Company.

employment of any employee hired prior to the date of this agreement.

This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to the Grand America Entities and not to any other entities or any individuals previously terminated from these entities. Grand America Hotels and Resorts expressly understands that the protections provided to it by this Agreement shall not apply to any successor entities, whether the successor's interest arises through a merger or plan of reorganization, unless and until such successor formally adopts and executes this Agreement. The protections arising from this Agreement will not apply to any purchasers of all or substantially all of the assets of Grand America Hotels and Resorts, unless such purchaser enters into a written agreement, on terms acceptable to this Office, agreeing in substance to undertake all obligations set forth in this Agreement. Without limiting the effect of any other provision of this Agreement, this Office understands and Grand America Hotels and Resorts agrees that should Grand America Hotels and Resorts acquire, directly or indirectly, another entity, via merger, purchase of all or substantially all of its assets or otherwise, Grand America Hotels and Resorts will make reasonable efforts to, and will be afforded a prudent period of time to ensure that the newly-acquired entity adopts and implements an immigration compliance program substantially similar in substance to that adopted by Grand America Hotels and Resorts to date.

It is understood that Grand America Hotels and Resorts: (a) shall truthfully and completely disclose all information with respect to the activities of Grand America Hotels and Resorts, its present and former officers and employees, and others concerning all matters about which this Office inquires of it and that such information can be used for any purpose; (b) shall cooperate fully with this Office, Immigration and Customs Enforcement, and any other law enforcement agency designated by this Office; (c) shall, at this Office's request, use diligent efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent, or employee at any meeting or interview or before the grand jury or at any trial or any court proceedings; (d) shall use diligent efforts promptly to provide this Office, upon request, any document, record, or other tangible evidence relating to matters or conduct about which this Office or any designated law enforcement agency inquires; and (e) shall bring to this Office's attention all federal criminal conduct by or criminal investigations of Grand America Hotels and Resorts or its respective senior managerial employees that comes to the attention of Grand America Hotels and Resorts' board of directors as well as any federal administrative proceeding or civil action brought by any federal governmental authority that alleges immigration violations by Grand America Hotels and Resorts.

It is understood that Grand America Hotels and Resorts accepts and acknowledges responsibility for the facts as set forth in Exhibit A, which is incorporated herein by reference. Grand America Hotels and Resorts further agrees that neither it nor its subsidiaries, through its present or future board of directors, attorneys, officers, agents, or management employees, will make any public statements contradicting any of the facts as set forth in Exhibit A. Any such contradictory public statement by Grand America Hotels and Resorts, its subsidiaries, its present or future board of directors, attorneys, officers, agents or management employees, shall constitute a breach of this Agreement, and Grand America Hotels and Resorts may be subject to prosecution

by this Office pursuant to the terms of this Agreement. The decision of whether any public statement by any such person contradicting a fact contained in Exhibit A will be imputed to Grand America Hotels and Resorts for the purposes of determining whether Grand America Hotels and Resorts has breached this Agreement shall be at the sole discretion of this Office. Upon this Office's reaching a determination that such a contradictory statement has been made by Grand America Hotels and Resorts, this Office shall notify Grand America Hotels and Resorts and Grand America Hotels and Resorts may avoid a breach of this Agreement by publicly repudiating such statement within forty-eight hours after notification by this Office. This paragraph is not intended to apply to any statement made by any individual in the course of any criminal, regulatory, or civil case initiated by the United States against such individuals unless the individual is speaking on behalf of Grand America Hotels and Resorts.

In all other cases of an alleged breach not related to public statements as set forth above, the United States shall provide written notice to Grand America Hotels and Resorts of the alleged breach and provide Grand America Hotels and Resorts within a reasonable time period to demonstrate that no breach has occurred, or, to the extent applicable, that the breach is not a willful and knowing material breach, or that the breach has been cured.

It is further understood that Grand America Hotels and Resorts shall adhere to the new procedures adopted as set forth in Exhibit A to prevent future violations of the immigration laws, and review existing policies and procedures to ensure compliance with the law.

Grand America Hotels and Resorts' obligations hereunder shall remain in effect for a term of (a) twelve (12) months from the day this Agreement is executed or (b) the date upon which all prosecutions arising out of the conduct described in the opening paragraph of this Agreement (involving Grand America Hotels and Resorts, its former employees, or any others) are final, whichever is later. The promises and obligations of the Government regarding its initiation of further criminal or civil proceedings for the violations listed within this agreement shall remain in force after Grand America Hotel and Resorts' obligations hereunder have concluded.

It is understood that Grand America Hotels and Resorts agrees to pay a sum of \$1,950,000 to the United States Treasury, via a certified check within 90 days of the execution of this agreement made payable to the United States Customs and Border Protection, as forfeiture of proceeds reasonably attributable to the conduct alleged in Attachment A to resolve the criminal investigation and for the purpose of promoting law enforcement programs in this field by HSI and such other purposes as may be allowed by statute. Grand America Hotels and resorts agrees to waive all right, title, and interest in the above funds, and any notice requirements or limitations periods established by law or the Constitution. Grand America Hotels and Resorts agrees that it will not contest the administrative forfeiture of the above funds in any manner, either directly or in a collateral proceeding, and further agrees to cooperate fully with HSI in the administrative forfeiture. Grand America Hotels and Resorts stipulates that no third parties have an interest in the funds, and agrees that it will assist the United States in defending against any third party claims or petitions. The funds will be deposited into the Department of Treasury Forfeiture Fund for law enforcement purposes, as determined by the Department of Treasury in accordance with Title 31, United States Code Section 9703.

It is understood that, should this Office determine that Grand America Hotels and Resorts has committed any federal crimes during the term of this Agreement, or that Grand America Hotels or Resorts or any of its representatives have given materially false, incomplete, or misleading testimony or information relating to the matters herein, or should Grand America Hotels and Resorts otherwise violate any material provision of this Agreement, Grand America Hotels and Resorts may thereafter be subject to prosecution for any federal violation of which this Office has knowledge. This includes perjury and obstruction of justice; and any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against Grand America, notwithstanding the expiration of the statute of limitations between the signing of this Hotels and Resorts Agreement and the commencement of such prosecution.

It is understood, that if it is determined that Grand America Hotels and Resorts has committed any federal crime after signing this Agreement or that Grand America Hotels and Resorts or any of its representatives have given materially false, incomplete, or misleading testimony or information relating to the matters herein, or has otherwise violated any material provision of this Agreement, (a) all statements made by Grand America's representatives to this Office, Immigration and Customs Enforcement, or other designated law enforcement agents, and any testimony given by Grand America Hotels and Resorts' representatives before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statement or testimony shall be admissible in evidence in any criminal proceeding brought against Grand America Hotels and Resorts; and (b) Grand America Hotels and Resorts shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

Nothing in this Agreement shall be construed as a waiver of any attorney-client or work-product privileges.

It is further understood that Grand America Hotels and Resorts and/or this Office may disclose this Agreement to the public.

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With respect to this matter, from the date of the execution of this Agreement forward, the Agreement supersedes all prior, if any, understandings, promises and/or conditions between this Office and Grand America Hotels and Resorts. No additional promises, agreements, and

conditions have been entered into other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

Sincerely,



Carlie Christensen
Acting United States Attorney
District of Utah



Kumar C. Kibble
Special Agent in Charge
Denver, Colorado
Homeland Security Investigations

AGREED AND CONSENTED TO:

Bruce Fery
CEO, Grand America Hotels and Resorts

Date

APPROVED:

Brett L. Tolman
Matthew R. Lewis
Eric G. Benson
RAY, QUINNEY & NEBEKER
Attorneys for Grand America Hotels and Resorts

Date

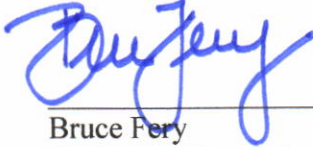
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Sincerely,

Carlie Christensen
Acting United States Attorney
District of Utah

Kumar C. Kibble
Special Agent in Charge
Denver, Colorado
Homeland Security Investigations

AGREED AND CONSENTED TO:

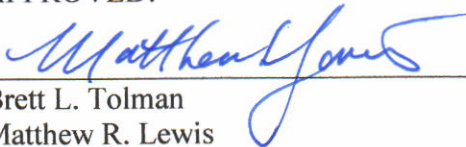


Bruce Fery
CEO, Grand America Hotels and Resorts

08.14.14

Date

APPROVED:



Brett L. Tolman
Matthew R. Lewis
Eric G. Benson
RAY, QUINNEY & NEBEKER
Attorneys for Grand America Hotels and Resorts

8/14/14

Date

GRAND AMERICA HOTELS AND RESORTS NON-PROSECUTION AGREEMENT

EXHIBIT A

August 13, 2014

STATEMENT OF FACTS

In support of the Non-Prosecution Agreement dated August 11, 2014, the United States Attorney's Office for the District of Utah and Grand America Hotels and Resorts, its subsidiaries, divisions and affiliates (hereafter referred to as "Grand America Hotels and Resorts") agree to the following factual statements:

Grand America Hotels and Resorts, Inc. is a Wyoming corporation that owns, through various subsidiaries, hotel and resort properties in Utah, Wyoming, Arizona, California, and Idaho. One such subsidiary is The Grand America Hotel Company, which owns The Grand America Hotel in Salt Lake City, Utah.

In September 2010, an administrative audit was initiated by Homeland Security Investigations (hereafter "HSI") at The Grand America Hotel. The audit was completed in September 2011. The audit revealed 133 undocumented aliens working at The Grand America Hotel. All of the identified employees were hired before The Grand America Hotel began participating in the E-verify program. The Grand America Hotel was issued an I-846 Warning Notice and the undocumented aliens were terminated.

Prior to the conclusion of the audit, in August 2011, without the knowledge or consent of top executives of Grand America Hotels and Resorts, lower level employees and mid-level operational managers created two nominee temporary employment agencies for the purpose of rehiring some of the terminated employees at The Grand America Hotel. Within days of the HSI Warning Notice being served upon the company, approximately 30 of the undocumented aliens returned to work at The Grand America Hotel through these two temporary agencies. In October 2011, a third nominee temporary agency was formed to allow approximately a dozen more undocumented aliens to work at The Grand America Hotel. In total, 43 aliens returned to work at The Grand America Hotel through these three temporary agencies. Most of these aliens returned to work under different names and utilizing fraudulent documents.

In September 2012, HSI executed search warrants at The Grand America Hotel, The Little America Hotel in Salt Lake City, and a company affiliated with Grand American Hotels and Resorts that held electronic records belonging to the company (as well as at two residences in the Salt Lake Valley, which served as the centers of operation for the three temporary agencies).

After the execution of the search warrants, the owners and senior executives of Grand America Hotels and Resorts became aware of the use of temporary agencies described above and from that point forward demonstrated an exemplary level of cooperation with HSI and this Office to uncover the full extent of any illegal conduct. Specifically, Grand America Hotels and Resorts conducted, through its independent outside counsel, Ray, Quinney and Nebeker, P.C., a prompt and thorough internal investigation into the matter. After concluding its internal investigation,

Grand America Hotels and Resorts disclosed its findings to this office and HSI. As a result of the findings from the internal investigation, The Grand America Hotel also terminated three operational managers at The Grand America Hotel and one operational manager at the Little America Hotel in Salt Lake City as a result of their knowledge of or involvement in the nominee entities, and also reprimanded two others. None of the undocumented aliens hired through these temporary agencies were allowed to continue working at The Grand America Hotel. Due to these violations, Grand America Hotels and Resorts has agreed to forfeit the amount of \$1,950,000 to the Department of Homeland Security.

Grand America Hotels and Resorts has also initiated an extensive review, regarding its hiring procedures and workforce at all of its properties and re-trained all of its hiring managers regarding immigration laws and the company's immigration policies. The expected cost of this review is expected to be around \$500,000. As part of this review, Grand America Hotels and Resorts has taken substantial remedial measures and instituted compliance measures, including: (1) incorporating contract language into contracts with vendors providing on-site labor that these companies are in compliance with applicable immigration laws; (2) re-training to help ensure human resources professionals on I-9 procedures; (3) adopting new policies affirming Grand America Hotels and Resorts' commitment to compliance with applicable immigration laws; (4) retaining immigration and corporate counsel to advise the company regarding the company's hiring and immigration procedures; (5) agreeing to continue to use the E-Verify Employment Eligibility Verification database; and, (6) agreeing to cooperate with the Department of Homeland Security on future immigration-based compliance programs to ensure that the company continues to maintain a lawful workforce.