

**AFFIDAVIT OF CHRISTOPHER KYTE IN SUPPORT OF GREAT NORTHERN &  
SOUTHERN NAVIGATION CO. LLC D/B/A FRENCH AMERICA LINE  
MEMORANDUM TO SHOW CAUSE WHY ITS PERFORMANCE CERTIFICATE  
SHOULD NOT BE REVOKED FOR CAUSE**

BEFORE ME, the undersigned authority, personally appeared Christopher Kyte,  
who being duly sworn under oath, deposes and states as follows:

1. Affiant is over 18 years of age.
2. Affiant has personal knowledge of the matters set forth herein.
3. Affiant is the Chairman of the Board of Great Northern & Southern Navigation Co. LLC d/b/a French America Line (FAL). FAL is a limited liability company organized under the laws of Louisiana, which is in good standing.
4. FAL is the owner of a river boat (*LOUISIANE*) which provided long distance, deluxe river cruises to passengers leaving from New Orleans on the Mississippi River.
5. The *LOUISIANE*'s first cruise departed New Orleans on October 22, 2016, which was completed the morning of October 26, 2016. She commenced her second cruise on October 26, 2016. On October 27, 2016, an accidental overflow of a sewerage tank on the *LOUISIANE* resulted in flooding to parts of the galley, the aft forward, and crew accommodations while the vessel was moored at Vacherie, Louisiana.
6. As a direct result of the flooding, the *LOUISIANE* had to be removed from service immediately with alternative arrangements made for its 115 passengers. Future

cruises were cancelled, until the repairs could be completed.

7. FAL had insurance, which it believed covered the subject loss and repairs. FAL was expecting to have a fairly quick turnaround on repairs, and getting the *Louisiane* back into full service. That did not happen. What did happen is outlined in paragraphs a-k below.

a. FAL provided prompt and timely notice of the loss, through its domestic insurance broker, Alliant Insurance Services, Inc. ("Alliant"), to FAL's Hull Underwriters, who appointed a surveyor, Mr. Wolf Schonborn of London Offshore Consultants, Inc. ("LOC") to attend the Vessel. On October 29, 2016, Mr. Schonborn of LOC surveyed the damage on behalf of Underwriters. Based on his survey, Mr. Schonborn produced a report, dated November 1, 2016. That report provided an overview of the vessel, the incident, identified the likely cause as a covered cause of loss under the Underwriters Policy and recommended that the Underwriters establish reserves needed to repair the damages sustained by the insured. LOC estimated that the repairs would take no longer than three weeks and recommended a reserve of \$250,000. Underwriters also appointed Jonathan Spencer of the Spencer Company ("Spencer") to further adjust the claim.

b. The inspection by LOC, which occurred on October 29, 2016, constituted satisfactory proof of loss to Underwriters.

c. FAL arranged for an inspection by Greg Brown of IMS Cruise Lines ("IMS"), who prepared a report, dated November 11, 2016, which provided more information on the damage, mitigation efforts, and likely cost. IMS also

provided a more detailed repair critical path on December 6, 2016. The report and critical path analysis from IMS made it clear that all of the specified repairs are required for the LOUISIANE to begin trading again and provided a clear time frame for them to be undertaken. All reports and analysis by IMS were timely provided to Underwriters through LOC and Spencer.

d. Upon information and belief, representatives of LOC, the firm retained by Underwriters, agreed with the scope of repairs set forth by Mr. Brown and IMS. However, Underwriters failed to heed the advice of its own appointed surveyor.

e. The report and critical path analysis by Mr. Brown constitutes additional, supplemental, satisfactory proof of loss within the meaning of La. R.S. 22:1892 and La.R.S. 22:1973. However, Underwriters unreasonably withheld consent and authorization for FAL and IMS to undertake numerous repairs necessary to place the LOUISIANE back in commerce.

f. Underwriters repeatedly promised to pay IMS for work that had been performed, including going so far as to request payments instructions, but failed to make the payments promised and due under the policy.

g. Notwithstanding receipt of satisfactory proof of loss, Underwriters failed to make timely payment within 30 days as required by La. R.S. 22:1892 and La. R.S. 22:1973.

h. FAL repeatedly requested that Underwriters approve repairs to the vessel so that contractors and vendors could begin work and order necessary parts. Underwriters delayed responding to such requests and

repeatedly failed and refused to provide such written authorization, without a good-faith basis for the failure and refusal to do so.

i. On December 21, 2016, FAL submitted an additional, supplemental, provisional statement of claim. The following day, Underwriters agreed to make certain payments, however, Underwriters persisted in their failure to pay the full amounts due under the Policy.

j. FAL promptly responded to inquiries from Underwriters, and yet their responses repeatedly were met only with superfluous demands for yet more information, which delayed the commencement of the repairs and FAL's ability to start trading again.

k. Underwriters never made a payment which ultimately forced FAL to file suit in the state court of Louisiana, 25<sup>th</sup> Judicial District for the Parish of Jefferson on May 7, 2018. The case was removed by Underwriters to Federal Court, which was remanded back to state court on November 13, 2019.

8. FAL entered into an Escrow Agreement with KeyBank, N.A., which the FMC approved by letter of August 18, 2016. (See attached Exhibit 1). FAL has maintained the approved FMC Escrow Agreement with KeyBank, N.A. since October 4, 2016. That Escrow account is still in existence and at the present time contains \$237,899.77 of which \$234,061.00 is the initial fixed UPR deposit. (See attached Exhibit 2, Account Statement).

9. All passenger deposits for the cancelled cruises were returned to the passengers. There is not a single passenger who was not refunded. All passenger refunds were done by KeyBank pursuant to the terms of the subject Escrow

Agreement.

10. Due to the expectation by FAL that the vessel would be repaired and back in service in a matter of months, FAL communicated in writing with the passengers who had paid deposits to provide them with alternative future sailing dates. Accordingly, not every passenger cancelled immediately and some were very patient for over a period of months waiting on a future cruise. Unfortunately, the future cruises never happened.

11. FAL and FMC worked together to come up with an agreed wording for Letter of Cancellation to the passengers, a copy of which is attached as Exhibit 3. FAL emailed the Letter of Cancellation to the passengers.

12. The last deposit accepted by FAL was in October 2017. By the end of December 2017 all deposits had been returned. These return checks were sent directly out by KeyBank N.A. with the final checks being sent out on December 20 and 22, 2017. In that regard, occasionally there were some bad addresses, which caused an additional issue.

13. As of October 2017, FAL was no longer advertising or taking deposits, and at that time had no plans to renew cruise operations. Accordingly, there was no activity to audit and the weekly recomputations since then have shown no activity.

14. FAL was delinquent in providing recomputation certificates which was corrected, and the FMC has been provided with recomputation certificates through November 20, 2019. In this regard, once FAL stopped marketing and collecting deposits, it stopped preparing recomputation certificates. It was then advised by the FMC that the certificates were still required.

15. With respect to quarterly audits, FAL hired Bill Toujouse to prepare an audit. Mr. Toujouse spoke by telephone with Russell Haynes of the FMC to ensure that he met the FMC's requirement to be the auditor. He was told that he could do the audit. He then prepared an audit which the FMC disallowed by letter dated February 6, 2019 (see attached Exhibit 4) because Mr. Toujouse was not a CPA; he was accredited as a CMA (Certified Management Accountant). Mr. Toujouse conducted an independent audit of FAL's FMC Weekly Recomputation Certificates through June 30, 2018. He prepared a financial audit of FAL for each quarter, which was submitted to Russell Haynes (FMC) with copy to Tajuanda Singletary (FMC).

16. After the Toujouse audit was rejected by the FMC, FAL contacted a CPA in New Orleans and engaged him to do the audit. Out of an abundance of caution, that person, John W. Foard, contacted the FMC by telephone to obtain guidance or an example of the manner the FMC wanted the information formatted or presented. The FMC telephonic response was that there was no guidance or example. Accordingly, Mr. Foard, was unwilling to engage in preparing a certified report to the federal government. In that regard, I looked at the FMC website and could find no information with respect to the procedures with respect to preparing the required FMC audit.

17. FAL still maintains a mailing address at 700 Churchill Parkway, Avondale, LA. This is why that address is shown on the Louisiana Secretary of State website. FAL had no employees working there due to the fact that without funding from FAL's Hull Underwriters the vessel could not be repaired, and the vessel ceased operation. That necessitated letting staff go.

18. By email addressed to Sandra Kusumoto of August 23, 2018, FAL

provided the FMC with its temporary physical address in California, 883 Island Drive, Suite 214, Alameda, CA 94502. Furthermore, all written communications between FAL and the FMC have been via emails and that email address has never changed. Additionally, there were many, many telephone conversations between FAL and the FMC whereby FAL was updating the FMC on its current situation and status of refunds.

19. Affiant respectfully submits, although FAL might have been dilatory/delinquent in its recordkeeping, it at all times was financially responsible to its passengers as evidenced by the fact that all passenger deposits were refunded in full, and the FMC approved Escrow Account maintained.

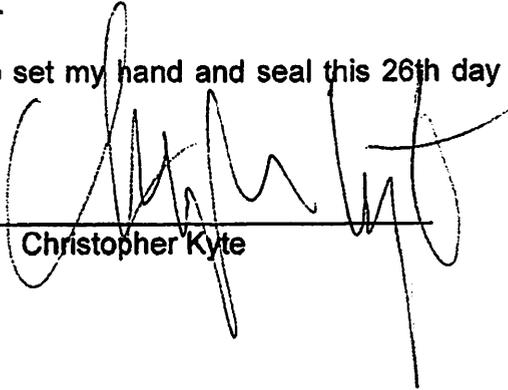
20. The *Louisiane* is presently on charter to the U.S. Navy as an accommodation vessel. That charter has been extended into March 2020. It appears as though there may be a further extension of this charter into 2021. Accordingly, at the present time FAL does not know when it will renew any marketing/advertising of *Louisiane* as a Mississippi River passenger cruise vessel. At the present time FAL has no intention of offering any cruises, and is not marketing/advertising the *Louisiane* as a passenger cruise vessel.

21. Despite the fact that FAL has no immediate plans to advertise the *Louisiane* as a passenger cruise vessel, FAL does not want its existing Performance Certificate revoked. FAL wishes to remain in good standing with the FMC. FAL does intend to return the *Louisiane* to the river cruise ship market in the future. Although the FMC advised FAL that it could surrender its Performance Certificate, FAL does not wish to do so, because it does intend to return the *Louisiane* to the river cruise market. On the other hand, it makes little sense for FAL to complete weekly recomputation

certificates and go the expense of hiring a CPA to do quarterly audits, when FAL is not advertising *Louisiane*, and the *Louisiane* is not available to commence passenger ship operations.

FURTHER AFFIANT SAYETH NAUGHT.

IN WITNESS WHEREOF, I have hereto set my hand and seal this 26th day of November, 2019.

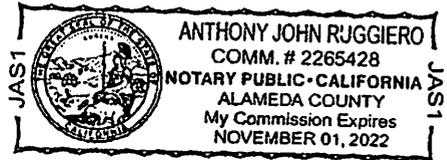
  
\_\_\_\_\_  
Christopher Kyte

STATE OF CALIFORNIA )  
                                  )  
COUNTY OF ALAMEDA )

Sworn to and subscribed before me this 26<sup>th</sup> day of November, 2019 by Christopher Kyte as Chairman of the Board of Great Northern & Southern Navigation Co. LLC d/b/a French America Line, ( ) who is personally known to me, or (  ) who has produced Drivers license as identification.

  
\_\_\_\_\_  
NOTARY PUBLIC  
State of California

My commission expires: 11/01/2022



# **EXHIBIT 1**



## FEDERAL MARITIME COMMISSION

Office of the Secretary  
800 North Capitol Street, N.W.  
Washington, DC 20573-0001

Phone: (202) 523-5725  
Fax: (202) 523-0014  
E-mail: [Secretary@fmc.gov](mailto:Secretary@fmc.gov)

August 18, 2016

William B. Milliken, Esq.  
FOWLER RODRIGUEZ, LLP  
355 Alhambra Circle, Suite 801  
Coral Gables, Florida 33134

Dear Mr. Milliken,

The Federal Maritime Commission has approved the escrow agreement submitted by Great Northern & Southern Navigation Co., LLC dba French America Line (FAL) as meeting the financial responsibility requirements of Section 3, P.L. 89-777.

It is understood that with this approval, FAL is required to submit supplemental documentation with its recomputation certificate entitled "Daily Passenger Receipt Log". The daily passenger receipt log will contain passenger contact information, booking number, date of cruise, amount of deposit/cruise fare paid and method of payment. Also, FAL is required to submit daily escrow deposit receipts.

Please submit an original executed escrow agreement, and evidence immediately that all unearned passenger revenue plus the \$234,061 fixed amount has been deposited into the escrow account. Please note that unearned passenger revenue must be deposited at least weekly, in accordance with the terms of the escrow agreement.

Please submit the executed escrow agreement and evidence of deposit to Ms. Tajuanda Singletary, Director, Office of Passenger Vessels and Information Processing, via courier, fax at (202) 523-5830, or email at [tsingletary@fmc.gov](mailto:tsingletary@fmc.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Rachel Dickon".

Rachel Dickon  
Assistant Secretary

CC: Great Northern & Southern Navigation Co., LLC  
dba French America Line  
700 Churchill Parkway  
Avondale, LA 70094

Key Bank NA  
125 Public Square  
OH-01-27-1719  
Cleveland, OH 44114

# **EXHIBIT 2**



Institutional Asset Services  
OH-01-10-0942  
100 Public Square  
Cleveland, OH 44113

# Account Statement

GREAT NORTH & SOUTH NAV ESCROW 2154321  
October 01, 2019 - October 31, 2019

GREAT NORTHERN & SOUTHERN NAVIGATION CO  
ATTN: DOUGLAS CHARBONEAU  
C/O FRENCH AMERICA LINE  
700 CHURCHILL PARKWAY  
AVONDALE LA 70094

KEYBANK NATIONAL ASSOCIATION AS ESCROW AGENT FOR GREAT NORTHERN &  
SOUTHERN NAVIGATION CO. LTD (FRENCH AMERICA LINE)

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## How to Contact Us:

### RELATIONSHIP MANAGER

LEE ANN HABINAK  
216-689-3226  
lee\_ann\_habinak@keybank.com

### CLIENT ADMINISTRATOR

CHRISTOPHER N VEVERKA  
216-471-3466  
christopher\_n\_veverka@keybank.com

### PORTFOLIO MANAGER

NO INVESTMENT DUTIES

### VIEW STATEMENT ONLINE

Contact us for details





# Account Statement

GREAT NORTH & SOUTH NAV ESCROW 2154321  
October 01, 2019 - October 31, 2019

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### Account Statement Schedule Change

Beginning in January 2020, Key Private Bank clients will receive paper statements on a quarterly schedule. If you have been receiving paper statements each month, you will notice the change beginning with your January statement that you would have received in February.

If you wish to receive statements each month, they are available online through Key Private Bank's client portal. Our client portal also provides access to your daily account information. To enroll, please contact your advisor.

2154321.1 GREAT NORTH & SOUTH NAV ESCROW PRI USD

The current investment objective of this account is Customer Driven. This account has circumstances in which the client has established guidelines for the investment objective. Should you have any questions regarding the objective for the account please contact one of your team members listed on the front page of this statement.





# Account Statement

GREAT NORTH & SOUTH NAV ESCROW 2154321  
 October 01, 2019 - October 31, 2019

## Detailed Schedule of Holdings - Principal Assets

Base Currency: USD

Security Description Portfolio Number	Asset Number Yield on Market Units/Par	Unit Price Price Date Market Value	FV Level* % of MV	Avg Unit Cost Accrued Income	Tax Cost	Unrealized Gain/Loss On Tax Cost
<b>Cash and Cash Equivalents</b>						
<b>Money Market Funds</b>						
FEDERATED GOVERNMENT OBLIGATIONS FUND CAP SHARES 2154321.1	314A00033 1.57% 237,899.7700	1.000 237,899.77	Level n/a 100.00%	1.00 333.69	237,899.77	0.00
<b>Total Money Market Funds</b>		<b>237,899.77</b>	<b>100.00%</b>	<b>N/A 333.69</b>	<b>237,899.77</b>	<b>0.00</b>
<b>Total Cash and Cash Equivalents</b>		<b>237,899.77</b>	<b>100.00%</b>	<b>N/A 333.69</b>	<b>237,899.77</b>	<b>0.00</b>
<b>Net Holdings</b>		<b>237,899.77</b>	<b>100.00%</b>	<b>N/A 333.69</b>	<b>237,899.77</b>	<b>0.00</b>
<b>Total Holdings Principal Assets</b>		<b>\$237,899.77</b>	<b>100.00%</b>	<b>N/A \$333.69</b>	<b>\$237,899.77</b>	<b>\$0.00</b>
<b>Total Holdings</b>		<b>\$237,899.77</b>			<b>\$237,899.77</b>	<b>\$0.00</b>
<b>Accrued Income On</b>						
Principal Holdings		333.69		333.69	333.69	
<b>Total Accrued Income</b>		<b>333.69</b>		<b>333.69</b>	<b>333.69</b>	
<b>Total Holdings with Accrued Income</b>		<b>\$238,233.46</b>			<b>\$238,233.46</b>	<b>\$0.00</b>





# Account Statement

GREAT NORTH & SOUTH NAV ESCROW 2154321  
October 01, 2019 - October 31, 2019

## Transaction Summary

Base Currency: USD

	Income Cash	Principal Cash	Tax Cost	Net Realized Gain/Loss on Tax Cost
<b>Beginning Balance on 10/01</b>	0.00	0.00	237,532.58	0.00
<b>Cash Transactions</b>				
<b>Cash Transactions-Receipts</b>				
DIVIDENDS	0.00	367.19	0.00	0.00
<b>Total Cash Transactions-Receipts</b>	0.00	367.19	0.00	0.00
<b>Cash Transactions-Disbursements</b>				
ACI PURCHASES	0.00	-367.19	367.19	0.00
<b>Total Cash Transactions-Disbursements</b>	0.00	-367.19	367.19	0.00
<b>Non-Cash Transactions</b>				
<b>Non-Cash Transactions</b>				
OTHER NON-CASH ADJUSTMENTS	0.00	0.00	0.00	0.00
<b>Total Non-Cash Transactions</b>	0.00	0.00	0.00	0.00
<b>Ending Balance on 10/31</b>	\$0.00	\$0.00	\$237,899.77	\$0.00





# Account Statement

GREAT NORTH & SOUTH NAV ESCROW 2154321  
 October 01, 2019 - October 31, 2019

## Statement of Transactions Categorized

Base Currency: USD

Asset Number Transaction Date	Description	Portfolio Number	Trade Date Settle Date	Units / Par Price	Income Cash	Principal Cash	Tax Cost Net Realized Gain/Loss
<b>Beginning Balance on</b>	<b>10/01</b>				<b>0.00</b>	<b>0.00</b>	<b>237,532.58</b> <b>0.00</b>
<b>Cash Transactions-Receipts</b>							
<b>Dividends</b>							
314A00033 10/01/19	ACI-DIVIDEND FEDERATED GOVERNMENT OBLIGATIONS FUND CAP SHARES REC DT 10/01/2019 PAY DT 10/01/2019	2154321.1		0.0000 0.000	0.00	367.19	0.00 0.00
<b>Total Dividends</b>					<b>0.00</b>	<b>367.19</b>	<b>0.00</b> <b>0.00</b>
<b>Total Cash Transactions-Receipts</b>					<b>0.00</b>	<b>367.19</b>	<b>0.00</b> <b>0.00</b>
<b>Cash Transactions-Disbursements</b>							
<b>ACI Purchases</b>							
314A00033 Various	SWEEP PURCHASE CONSOLIDATED STATEMENT OF ACTIVITY 367.1900 UNITS FEDERATED GOVERNMENT OBLIGATIONS FUND	2154321.1	VARIOUS VARIOUS	367.1900 0.000	0.00	-367.19	367.19 0.00
<b>Total ACI Purchases</b>					<b>0.00</b>	<b>-367.19</b>	<b>367.19</b> <b>0.00</b>
<b>Total Cash Transactions-Disbursements</b>					<b>0.00</b>	<b>-367.19</b>	<b>367.19</b> <b>0.00</b>
<b>Ending Balance on</b>	<b>10/31</b>				<b>\$0.00</b>	<b>\$0.00</b>	<b>\$237,899.77</b> <b>\$ 0.00</b>



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## Account Statement Disclosures

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### Investment in Non-Proprietary Mutual Funds

Your account (the "Account") may be invested in mutual funds for which neither KeyBank National Association nor any of its affiliates or subsidiaries ("Key") serves as an investment adviser, fund manager, or distributor. The bank or its affiliates may provide shareholder servicing, record-keeping, custodial, sub-transfer agent and/or communication services with respect to these mutual fund investments. Where permitted by agreement and by applicable law, Key may receive reasonable compensation for these services with respect to the Accounts mutual fund investments. The total compensation paid to Key for these services will not exceed an annual rate of 25 basis points (.25%), multiplied by the value of the Accounts investment in a particular mutual fund. This compensation is paid to Key by the mutual fund and/or its service providers and is in addition to the regular fees for the Account. Currently, Key is paid a rate of up to 20 basis points (.20%) of the Account's investments in mutual funds sponsored by Federated Investors, Inc. or its affiliates ("Federated"). Actual compensation may vary based upon total investments by Key accounts with Federated. Prospectuses for mutual funds in which the Account invests are available upon request.

Investment and insurance products are: NOT FDIC INSURED\* NOT BANK GUARANTEED\* MAY LOSE VALUE\* NOT A DEPOSIT\* NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY.

### Market Value

For securities traded on a major exchange, market values are priced as of the statement date as provided by various pricing services. The method and frequency of pricing assets not traded on a major exchange varies depending on the type of asset; therefore, the price shown on your statement may not be a current value as of the statement date.

### Fair Value Measurements and Disclosures

ASC 820, Fair Value Measurements and Disclosures, specifies how a "reporting entity" (as defined in this guidance) is to report assets and liabilities on its financial statements. KeyBank National Association ("Key") is not a reporting entity for your account.

ASC 820 contains specific requirements including the assignment of a level and valuation of assets and liabilities reported at fair value on financial statements. Key will, on an informational basis, provide fair value hierarchy information on a default level matrix, (the "Fair Value Hierarchy Default Level Matrix"). A fair value hierarchy level is assigned on a summary basis and does not take into consideration individual valuation approaches on an entity specific basis. In addition, it is important to note that Key's Fair Value Hierarchy Default Level Matrix does not consider price when assigning a level to assets/liabilities.

To the extent that you are a "reporting entity" that incorporates or otherwise uses all or a portion of information found on the Fair Value Hierarchy Default Level Matrix in the preparation of statements in compliance with ASC 820, you should consider the procedures, practices and/or policies utilized by Key. You should also consider Key's relevant SOC 1 Report in connection with any judgments or certifications made with respect to ASC 820 compliant statements. It is ultimately the responsibility of the reporting entity to assign a level to the individual assets and liabilities that it holds. Note in particular, that under Key's procedures, client and/or portfolio managers have responsibility as to an asset's appropriate fair value hierarchy level.

If any information is based on evaluations supplied by a pricing service, please review the information and disclosures concerning the reliance on that information published by the pricing service.

Key does not provide accounting advice to its clients. Key makes no warranties whatsoever, either express or implied, as to merchantability, fitness for a particular purpose, or any other matter. Without limiting the foregoing, Key makes no representation or warranty that any data or information (including but not limited to the Fair Value Hierarchy Default Level Matrix) supplied to or by it are complete or free from errors, omissions, or defects.



# **EXHIBIT 3**



## FRENCH AMERICA LINE™

DELUXE VOYAGES THROUGH AMERICA'S WATERWAYS

Dear 'Louisiane' Passenger:

The *Louisiane* will be out of service for at least the next 9 months on a hurricane relief charter, as you may have heard. We have initiated a process to refund passenger payments for all cruises. To be clear, your entire cruise fare - whether it is just a deposit or a deposit and final payment - is being refunded to you by check.

In accordance with Federal Maritime Commission regulations, revenue received from passengers for water transportation has been held in a protected escrow account with Key Bank, N.A. for the purposes of reimbursement due to nonperformance of transportation.

Passengers that have paid for cancelled cruises and have not been reimbursed will be issued a refund check today directly from Key Bank, N.A., which should arrive in the next 7 to 10 days.

Passengers that have initiated and received chargebacks on their credit cards or filed claims with a travel insurance provider, will **not** be eligible to receive reimbursement from the escrow account.

If you have an outstanding credit card or insurance claim and receive a check, **do not cash** the check and contact the Reservations department at French America Line immediately.

If you have any questions, please contact the Reservations department at [smonroe@frenchamericaline.com](mailto:smonroe@frenchamericaline.com), or 888-387-1140, extension 1.

Sincerely,

French America Line

P.S. The *Louisiane* will return to passenger service in Fall of 2018 and details of the new schedule and itineraries will soon be posted on our website at [www.frenchamericaline.com](http://www.frenchamericaline.com).

# **EXHIBIT 4**



## FEDERAL MARITIME COMMISSION

Bureau of Certification and Licensing

800 North Capitol Street, N.W.

Washington, DC 20573-0001

Phone: (202) 523-5787

Fax: (202) 523-5830

VIA EMAIL

February 6, 2019

French America Line  
Attention: Christopher Kyte, Chairman  
700 Churchill Parkway  
Avondale, LA 70094

Dear Mr. Kyte,

This letter is to provide notice that French America Line is not in compliance with paragraph 8 of the Escrow Agreement dated October 4, 2016 between Great Northern & Southern Navigation Co., LLC d/b/a French America Line and Key Bank, N.A. (Escrow Agreement) To facilitate voluntary compliance, the Bureau of Certification and Licensing (BCL) will provide 60 days for French America Line to engage an independent auditor in accordance with the laws of Louisiana, to conduct an audit and submit to the Federal Maritime Commission (FMC or Commission) the reviews stipulated in your Escrow Agreement.

BCL requested the assistance of the Commission's Office of Inspector General (OIG) to review the Financial Audit report dated August 23, 2018 submitted by French America Line and prepared by Mr. William Toujouse.

The OIG issued a professional judgement as to why the financial audit report is not in compliance, as listed below:

- 1) The engagement and report do not appear to meet the definition for an "attest" service under the Louisiana Accountancy Act, La. R.S. §37:73(1)(a).
- 2) Mr. Toujouse issued a "report" as defined in La. R.S. §37:73(16).
- 3) Mr. Toujouse does not hold a certificate as required by La. R.S. §37:76, A.(2) to provide attest services and issue reports.

BCL is now requesting that on or before April 8, 2019 you submit corrections revealed by the auditor, to reports previously submitted by Mr. Toujouse to BCL that are compliant with the Escrow Agreement dated October 4, 2016, the FMC's regulations, and the requirements of the Louisiana Accountancy Act. All other submissions required in the Escrow Agreement shall be furnished on the dates specified therein. As an alternative, you may elect to surrender the Performance Certificate issued by the FMC to French America Line covering the vessel "Louisiane".

If you have any further questions regarding this issue, please contact the Office of Passenger Vessels and Information Processing, by phone at (202)523-5818, fax at (202) 523-5830, or email at pvo@fmc.gov.

Sincerely,

A handwritten signature in cursive script that reads "Sandra L. Kusumoto".

Sandra L. Kusumoto, Director  
Bureau of Certification and Licensing