



# United States Department of Justice

United States Attorney  
Eastern District of Tennessee

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July 10, 2014

Aubrey B. Harwell, Jr.  
Neal & Harwell, PLC  
Suite 2000  
150 Fourth Avenue, North  
Nashville, TN 37219

**Re: Pilot Travel Centers LLC, d/b/a Pilot Flying J  
Criminal Enforcement Agreement**

Dear Mr. Harwell:

The United States Attorney's Office for the Eastern District of Tennessee ("this Office") and the United States Department of Justice ("DOJ") (collectively "the Government"), and Pilot Travel Centers LLC, d/b/a Pilot Flying J (the "Company"), by its undersigned representatives, and pursuant to authority granted by the Company's Board of Managers, enter into this Criminal Enforcement Agreement (the "Agreement"). The terms and conditions of this Agreement are as follows:

### **Criminal Information and Acceptance of Responsibility**

1. The Company acknowledges and agrees that, in the event of a material breach of this Agreement (as defined below), this Office is prepared to file in the United States District Court for the Eastern District of Tennessee the one-count criminal Information attached hereto as Attachment A (the "Information"), charging the Company with conspiracy to commit mail fraud and wire fraud in violation of Title 18, United States Code, Section 1349, arising from the

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Company's failure to pay agreed-upon diesel price discounts to its customers. In so doing, the Company: (a) knowingly waives its right to indictment on this charge as well as all rights to a speedy trial pursuant to the Fifth and Sixth Amendments to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) knowingly waives for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts attached hereto as Attachment B (the "Statement of Facts") and incorporated by reference into this Agreement, any objection with respect to venue, and further consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Eastern District of Tennessee.

2. The Company admits, accepts, and acknowledges that it is legally responsible for the acts of its employees as alleged in the Information, and as set forth in the Statement of Facts and that the allegations described in the Information and the facts described in the Statement of Facts are true and accurate. Should this Office ultimately pursue the prosecution of the Company based upon the Company's breach of this Agreement as provided in Paragraphs 14 through 16 below, the Company agrees that it will neither contest the admissibility of nor contradict the Statement of Facts in any such proceeding, including without limitation any pretrial proceeding, trial, guilty plea, or sentencing proceeding. Moreover, in the event of a material breach of this Agreement as provided in Paragraphs 14 through 16 below, this Office will have the right to file the Information attached hereto, and the Company agrees not to contest it. As used in the previous sentence, "material breach" shall be a breach, as determined by this Office in its sole discretion, as described in Paragraphs 14(a), 14(b), or 14(c), or a substantial breach, as determined by this Office in its sole discretion, of the obligations described in Paragraph 14(d).

**Term of the Agreement**

3. The Company's obligations under this Agreement will continue for a period beginning on the date on which the Agreement is signed by all parties hereto, and ending two (2) years after that date (the "Term"), except for the Company's continuing obligations to cooperate set forth in Paragraph 6(f). However, the Company agrees that, in the event that this Office determines, in its sole discretion, that the Company has knowingly violated any provision of this Agreement, an extension or extensions of the Term of the Agreement may be imposed by this Office, in its sole discretion, for up to a total additional time period of one year, without prejudice to this Office's right to proceed as provided in Paragraphs 2 above and 14 through 16 below. Any extension of the Agreement extends all terms of this Agreement. Conversely, in the event that this Office finds, in its sole discretion, that the provisions of this Agreement have been fully satisfied, the Agreement may be terminated early.

**Relevant Considerations**

4. The Government enters into this Agreement based on the individual facts and circumstances presented by this case and the Company. Among the circumstances considered were the following:

a. The Company has accepted its responsibility for the criminal actions of its employees and has agreed to cooperate fully pursuant to the Agreement with the investigation being conducted by the United States Attorney's Office for the Eastern District of Tennessee, Federal Bureau of Investigation, and Internal Revenue Service-Criminal Investigations (collectively "Federal Law Enforcement");

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b. The Special Committee of the Company's Board of Managers, which was formed to independently investigate allegations regarding the conduct described in the Statement of Facts (the "Special Committee Investigation"), has advised this Office that it voluntarily will share with this Office the substance of its ongoing investigation, which will include, among other information, assembled and organized electronic and other documents, once the Agreement between the Company and the Government is mutually executed;

c. The Company promptly has engaged in significant and ongoing remediation efforts, including to date making in excess of \$56 million in restitution payments to customers, making leadership changes related to the Direct Sales group ("Direct Sales"), significantly enhancing its ethics program, and taking personnel action against individuals identified as participants in the fraudulent conduct described in the Statement of Facts;

d. With the exception of a very few customers who, due to their unique circumstances, have requested to continue to receive manually-calculated rebates, the Company has eliminated manual rebates and, for all customers, has further revised and enhanced its policies, procedures, and internal controls with regard to the establishment, amendment, and documentation of discount terms and the manner in which discount/rebate payments are processed and issued, and the Company is further reviewing and enhancing its corporate compliance program, policies and procedures, and internal controls in an effort to prevent any recurrence of the type of conduct described in the Statement of Facts; and

e. Based in part upon state regulatory requirements and other provisions, there are potential, unintended collateral consequences of the filing of a criminal charging instrument upon the Company's innocent employees, diesel-purchasing customers and

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consumers, given that the Company, with its affiliates, is the largest provider of diesel fuel to over-the-road trucking companies in the United States, selling approximately six billion gallons of diesel fuel to more than 5,000 corporate customers annually, and that the Company is also the largest operator of travel centers in the United States, with more than 563 retail locations in 44 states, and, with its affiliates, employs more than 23,000 people.

### **Remediation and Restitution**

5. Since in or about April 2013, the Company has been engaged in extensive and ongoing remedial efforts, including the following:

a. The Company's Internal Audit department has conducted a comprehensive review of customer accounts to determine which customers were underpaid rebates and discounts and to provide restitution and make-good payments, with interest, to customers.

The Company dedicated a huge number of staff to the audit work. On April 20, 2013, the Company's Internal Audit department was directed to organize as many internal and inventory auditors as possible to begin an audit of the manual rebate accounts.

On July 22, 2013, the audit of direct bill accounts began, and more internal resources were added from other departments, along with the assignment of other field auditors. Outside professionals from several independent CPA firms were then added to the Internal Audit team to assist with the audit of direct bill accounts, contributing between 20-30 additional personnel depending on the week in question. With the addition of the personnel from these CPA firms, the Company's Internal Audit team consisted of a peak staffing of 60 to complete the audit work. As discussed further below, additional auditors from (1) a forensic accounting firm and (2) an Independent Accountant appointed by the United States District Court for the Eastern

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District of Arkansas (as part of a class action settlement), conducted their own independent reviews of customer accounts to ensure the accuracy of the Internal Audit team's work, bringing the total number of auditors from all sources at peak to over 120.

The Internal Audit team conducted weekend work (including both Saturdays and Sundays) throughout the audit process, continually keeping the work moving forward to completion. On average, each member of the Internal Audit team worked in excess of 70 hours per week on this project.

The professionals from the CPA firms who had been added to the Internal Audit team to complete the direct bill audit started phasing out in early November 2013 as audits were completed and payments were made. Internal personnel remained assigned thereafter to answer customer inquiries, recalculate accounts as necessary, complete audits of large national accounts, resolve payment issues, complete audit work, and report the results. The internal staff also assisted the Independent Accountant appointed by the Arkansas District Court as necessary, as well as working on other various related projects and issues.

The audit review has included approximately 6,700 accounts belonging to approximately 5,500 customers with discount agreements, dating back to 2005. As the audit work was completed, the Company mailed letters to customers informing them of the findings. Further, the Company has issued restitution and make-good payments to the customers found by the audit process to be owed money, regardless of whether the underpayment was the product of fraud or innocent mistake. The Company has also issued make-good payments in situations where the Company could not confirm that a customer had been notified of a prior reduction in its discount arrangement. To date, the Company has made in excess of \$56 million in

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restitution payments and more than \$12 million in additional make-good payments to thousands of customers.

In addition, the Company has paid 6% interest on all of the restitution and make-good payments. The Company originally paid 4% interest on such payments unconditionally, that is, without requiring that the customer release the Company from liability. Subsequently, the Company agreed to pay 6% interest (in addition to providing additional audit rights) to all customers who participated in the class action settlement approved by the United States District Court for the Eastern District of Arkansas (which was approved in November 2013). The Company has since paid a total of 6% interest to all customers affected by the misconduct at issue (whether or not they participated in the class action). Moreover, all customers that the Company previously paid 4% in interest have received (or will receive) an additional 2% (to equalize the interest payments to all affected customers).

The Company has provided multiple levels of review of customer accounts at no charge to the customers to ensure the accuracy of the audit results. Those include the above-described audit of accounts conducted by the Company's Internal Audit team, as well as an independent review of every account by another forensic accounting firm retained by the Company's outside counsel to verify the audit results and reconcile any discrepancies within an appropriate margin of error.

Moreover, as contemplated by the settlement agreement in the class action, the United States District Court for the Eastern District of Arkansas appointed HORNE LLP, a large regional accounting firm, to review the work of the Company's Internal Audit team at the Company's expense. HORNE's responsibilities included confirming that Internal Audit's work properly identified the class members that were entitled to compensation and accurately

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quantified the amount of compensation due to the class members in accordance with an appropriate statistical sampling method. HORNE has issued a report to the Court affirmatively approving the quality of Internal Audit's work. In addition, if any class member disagrees with the audit results as to the customer's individual account, it may request a review of the account by HORNE, at no cost to the customer. If a class member disagrees with HORNE's findings, it can have its own accountant review its account (at the customer's expense) and present that accountant's findings (if different from HORNE's) to the District Court for a final determination of what is owed.

The cost to the Company to date in expediting the audit process and paying for the multiple levels of review that are free of charge to the customer (which include the reviews by Internal Audit, the forensic accounting firm retained by the Company's outside counsel, and HORNE) totals approximately \$14.36 million.

b. Although the Company is in the process of completing the payment of full restitution, plus 6% interest to all of its customers affected by the criminal misconduct set forth in the Statement of Facts, the Company agrees that for any of its customers that to date have not received full restitution arising from the criminal misconduct set forth in the Statement of Facts, the Company will pay full restitution, or make such payment available, to any such customers within the Term of this Agreement. The Company will also make available to any such customers multiple levels of audit review consistent with what is outlined above.

c. The Company has implemented new controls in Direct Sales and the Accounts Receivable department, including requiring all agreements (and modifications to agreements) with Direct Sales customers to be confirmed in writing and providing written definitions of pricing terms to customers. As noted above, with the exception of a very few



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customers who, due to their unique circumstances, have requested to continue to receive manually-calculated rebates, the Company has essentially eliminated manual rebates and substantially modified its manual rebate process.

The Company first attempted to renegotiate the diesel purchasing agreements in place with all manual rebate customers so as to transition them to rebates that could be calculated automatically through billing software. For those customers unwilling or unable to change the terms of their deals, the Company moved responsibility for the administration of their manual rebates out of Direct Sales to the Company's Accounts Receivable department (except as to the United States Postal Service, for which the Internal Audit team is responsible). Additionally, for nearly every remaining manual rebate, the amount of the rebate is calculated by the customer and sent to the Company in the form of a monthly invoice.

As mentioned above, the Company has implemented a policy requiring that contracts between the Company and its customers be in writing and that the customer acknowledge in writing any pricing change or any other substantive modification to a contract. The Company further requires that written definitions of its pricing terms be provided in writing to its customers in order to educate them about industry terms used in the purchase of diesel fuel and to avoid any confusion in that regard.

Finally, the Company has been developing a web-based software program, FuelPact, which will interface with billing software to automate all rebates and discounts for all Direct Sales customers. FuelPact requires Company and customer review, acknowledgment, and electronic signature of all pricing agreements before they can become active. The program is

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currently in its testing phase, and has gone live for a sample of test customers. The Company understands that this program will be an industry first.

The Company will continue its efforts to create total transparency in its dealings with its customers.

d. The Company has terminated or placed on administrative leave Direct Sales employees due to their violations of Company policy, including employees who engaged in the misconduct described in the Statement of Facts. The Company will take further personnel action as appropriate to hold culpable individuals accountable.

e. The Company has implemented enhanced ethics training measures, including requiring all existing and new employees to undergo ethics training, as well as providing special ethics training to top managers. Other measures include publishing articles on ethics in employee newsletters (such as an article describing the availability of the employee AlertLine to report possible misconduct), and discussing ethics and compliance at all organized sales staff meetings.

f. The Company has formed a Compliance Advisory Committee, which includes outside professionals with expertise and experience in the area of corporate compliance. The Committee has undertaken a review of the Company's policies and procedures, training materials, and employee manuals, and has made recommendations to the Company on its ethics and compliance programs and the hiring of a Chief Compliance Officer.

In accordance with the recommendations made by the Compliance Advisory Committee, the Company will provide more extensive training in the ethics and compliance

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areas to all of its employees on a regular and on-going basis, which will be required for all departments, as well as top-level managers.

The Company has begun and will continue to update and revise its compliance program materials to enhance and improve its communications regarding the importance of practicing ethical conduct and following all Company policies. The Company will also increase its emphasis on ethics and compliance in its regular communications with its employees, such as newsletters, department meetings, continued training, and Company-wide events. The Company will continue to publicize the availability of the employee AlertLine, which allows anonymous reporting of potential issues within the Company. The Company has determined that it will also provide employees with diversity and sensitivity training.

The Company will hire a senior level compliance officer, manager and/or director and will form a Compliance Committee for the Board of Managers. The new compliance representative and committee will be charged with implementing an improved compliance program that seeks to create a culture of compliance at all levels of the Company and to deter and detect unethical conduct more effectively. The Company will also seek to implement as appropriate other suggestions made by the Compliance Advisory Committee.

As part of this endeavor, the Company has hired a compliance consultant to serve in the capacity of an interim compliance officer, to facilitate the advancement of the Company's compliance and ethics program, and to assist in procuring a permanent senior level compliance officer, manager and/or director for the Company.

g. The Company's Board of Managers formed a Special Committee to investigate allegations regarding the conduct described in the Statement of Facts. The Special

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Committee Investigation, which is independent and ongoing, has included the collection and review of millions of emails and other documents, information and document requests, and interviews.

#### Cooperation

6. The Company acknowledges and understands that the cooperation that it, along with the Special Committee Investigation, has provided to date with the criminal investigation conducted by Federal Law Enforcement, and its pledge of continuing cooperation, are important and material factors underlying the Government's decision to enter into this Agreement. Therefore, the Company agrees to cooperate fully and actively with Federal Law Enforcement in any and all matters relating to its investigation of fraudulent conduct involving the sale of diesel fuel. The Company agrees that its cooperation shall include, but is not limited to, the following:

a. The Company shall truthfully and completely disclose all factual information with respect to its activities and those of its present and former officers and employees concerning all matters relating to fraudulent conduct involving the sale of diesel fuel about which the Company has any knowledge or about which Federal Law Enforcement may inquire. This obligation of truthful disclosure includes the obligation of the Company to assemble, organize, and provide in a responsive and prompt fashion, and upon request, on an expedited schedule, all documents, records, information, and other evidence in the Company's possession, custody or control as may be requested by Federal Law Enforcement. This obligation of truthful disclosure includes the obligation of the Company to volunteer and provide to the Government any information and documents that come to the Company's attention that may be relevant to Federal Law Enforcement investigation and proceeding, and to provide any

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testimony or information necessary to identify or establish the original location, authenticity, or other basis for admission into evidence of documents or physical evidence in any criminal or other proceeding as requested by Federal Law Enforcement. This obligation of truthful disclosure also includes the Company's obligation to bring to Federal Law Enforcement's attention all criminal conduct by or criminal investigations of the Company or any of its supervisory employees, and to bring to Federal Law Enforcement's attention any administrative or regulatory proceeding or civil action or investigation by any governmental authority that alleges fraud by the Company.

b. Upon request of Federal Law Enforcement with respect to any issue relevant to its investigation, the Company shall designate knowledgeable employees, agents, or attorneys to provide to Federal Law Enforcement the information and materials described in Paragraph 6(a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. With respect to any issue relevant to the investigation of Federal Law Enforcement, the Company shall use its best efforts to make available for interviews or testimony, as requested by Federal Law Enforcement, present or former directors, officers, employees, agents, or consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with Federal Law Enforcement. Cooperation under this Paragraph will include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

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d. With respect to any information, testimony, documents, records, or other tangible evidence provided to Federal Law Enforcement pursuant to this Agreement, the Company consents to any and all disclosures consistent with applicable law and regulation to other governmental authorities of such materials as Federal Law Enforcement, in its sole discretion, shall deem appropriate.

e. The Company agrees to provide all documents and information that demonstrate what amount each customer affected by the fraudulent conduct involving the sale of diesel fuel as set forth in the Statement of Facts was (or is) owed and that further show the manner by which each such customer has been made whole by the Company.

f. Notwithstanding any other provisions of this Agreement, the Company agrees that its obligations to cooperate will continue until the later of (1) the expiration of the Term of this Agreement as provided in paragraph 3, or (2) the date upon which all prosecutions and appeals arising out of, or relating in any way to, the conduct described in the Information or Statement of Facts are finally concluded.

g. Notwithstanding anything herein to the contrary, the Company's obligation to cooperate under this Agreement does not extend to any information or material covered by a valid claim of attorney-client privilege or attorney work product protection.

#### **Corporate Compliance, Ethics, and Internal Controls**

7. As discussed above in Paragraph 5, the Company is making company-wide revisions and enhancements to its compliance program, internal controls, and policies and procedures. The Company represents that it is undertaking, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its

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existing compliance program, internal controls, and policies and procedures relating to Direct Sales and its ethics program Company-wide. Where necessary and appropriate, the Company will adopt new or modify existing internal controls, policies, and procedures in order to ensure that the Company maintains: (a) a system of internal accounting controls designed to ensure the making and keeping of fair and accurate records of customer accounts; and (b) a rigorous Direct Sales compliance code, standards, and procedures designed to detect and deter fraud.

In lieu of an independent monitor, which will not be required under this Agreement, the Company agrees to submit to this Office a written update on the status of its efforts regarding corporate compliance, ethics, and internal controls six months after the execution of this Agreement, which will include the status of its hiring a permanent senior level compliance officer, manager and/or director. The Company will also provide a final report on the status of these efforts to this Office six months before the expiration of the Term of this Agreement. The Company will also provide additional interim reports on these activities as may be reasonably requested by this Office.

8. The implementation of these measures shall not be construed in any future enforcement proceeding initiated by the Government as providing immunity or amnesty for any crimes not disclosed to the Government as of the date of signing of this Agreement for which the Company would otherwise be responsible.

**Payment of Monetary Penalty**

9. The Government and the Company agree that the application of the United States Sentencing Guidelines (“USSG” or “Sentencing Guidelines”) to determine the applicable fine range had there been a criminal prosecution of the Company yields the following analysis:

a. The 2013 USSG Manual sets forth the appropriate guidelines to be used in this matter.

b. Offense Level. Based upon USSG §§ 8C2.3 and 2B1.1, the total offense level is 37, calculated as follows:

(a)(1)	Base Offense Level	7
(b)(1)(M)	Value of resulting loss/gain more than \$50 million	+ 24
(b)(2)(C)	Number of victims	+ 6
TOTAL		37

c. Base Fine. Based upon USSG § 8C2.4(a)(1)-(3) and (d), the base fine is \$57.5 million (fine corresponding to the greatest of the Base Offense level as provided in Offense Level Table, the pecuniary gain to the organization, or the pecuniary loss caused by the offense).

d. Culpability Score and Resulting Multiplier. Based on the culpability score determined pursuant to USSG § 8C2.5, the range of applicable multipliers, pursuant to USSG §§ 8C2.6 and 8C3.1, and 18 USC §§ 3571(c)(2) and 3571(d), is 1.6 (multiplied by the base fine amount) to 2.0 (multiplied by the actual loss/gain).



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e. Calculation of Fine Range. Based upon USSG §§ 8C2.7 and 8C3.1, and 18 USC §§ 3571(c)(2) and 3571(d), the applicable fine range under the Guidelines is calculated as follows:

Actual Loss/Gain	\$56 million
Base Fine	\$57.5 million
Multiplier	(1.6 x Base Fine) to (2.0 x Actual Loss)
Guidelines Range	\$92 million to \$112 million

10. The Company agrees to pay a monetary penalty in the amount of \$92 million to the United States Treasury according to the schedule set forth below. The Company and the Government agree that this monetary penalty is appropriate given the facts and circumstances of this case, including the extent of the criminal conduct within Direct Sales, the Company's agreement to cooperate, its extensive remediation efforts, including making in excess of \$56 million in restitution payments to victims (as well as approximately \$12 million in additional make-good payments) and more than \$9 million in interest payments to victims, and its ongoing efforts to enhance its compliance program, policies and procedures, and internal controls. The \$92 million penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Government that \$92 million is the maximum penalty that may be imposed in any future prosecution based upon a breach of this Agreement, and the Government is not precluded from arguing in any such future prosecution that the Court should impose a higher fine, although the Government agrees that under those circumstances, any amount paid under this Agreement shall be offset against any fine the Court imposes as part of a future judgment. The Company acknowledges that no United States tax deduction may be

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sought in connection with the payment of any part of this \$92 million penalty. The Company will pay this penalty in eight equal quarterly installments, with the first payment due on the date this Agreement is mutually signed, and the remaining payments due on the same day of the month (or the next business day) every three months thereafter.

#### **Criminal Enforcement Resolution**

11. In consideration of: (a) the factors set forth in Paragraph 4 above; (b) the past and future cooperation of the Company described in Paragraph 6 above; (c) the Company's adoption of remedial measures, including extensive efforts to make restitution to victims set forth in Paragraph 5 above; (d) the Company's commitment to implementation and maintenance of enhanced compliance measures, policies and procedures, and internal controls set forth in Paragraph 7 above; (e) the Company's payment of a monetary penalty of \$92 million; and (f) the collateral consequences described in Paragraph 4.e above, and subject to Paragraphs 2 and 3 above, the Government agrees not to criminally prosecute the Company, Pilot Corporation, or the Company's member, Propeller Corp., for fraudulent conduct involving the sale of diesel fuel by any of these entities as set forth in the Statement of Facts, or for any conduct that the Company disclosed to this Office on or before June 2, 2014.

12. The Government further agrees that if the Company fully complies with all of its obligations under this Agreement, at the conclusion of the Term (including any extensions thereof), this Agreement shall expire, except as set forth in Paragraph 6(f).

#### **Conditional Release from Criminal Liability**

13. Subject to Paragraphs 2, 3, and 14 through 16, the Government agrees that it will not bring any non-tax-related criminal case against the Company, Pilot Corporation, or the

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Company's member, Propeller Corp., relating to fraudulent conduct involving the sale of diesel fuel by any of these entities, or relating to information that the Company disclosed to this Office on or before June 2, 2014. The Government, may, however, use any information related to the conduct described in the Statement of Facts against the Company, Pilot Corporation or Propeller Corp.: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to any tax-related criminal case arising under any tax-related provision of Title 18 or Title 26 of the United States Code. In addition:

a. This Agreement does not provide any protection against prosecution for any future conduct by the Company, Pilot Corporation or Propeller Corp.;

b. This Agreement does not provide any protection against prosecution of any present or former officer, director, employee, shareholder, agent, consultant, contractor, or subcontractor of the Company (except for Pilot Corporation and Propeller Corp., as provided herein), or of any present or former officer, director, employee, shareholder, agent, consultant, contractor, or subcontractor of Pilot Corporation or Propeller Corp., for any violations of federal law committed by them; and

c. Nothing in this Agreement forecloses or limits the ability of the Internal Revenue Service to examine and make adjustments to the returns of the Company, Pilot Corporation or Propeller Corp., to make its own determinations and assessments of taxes, interest and penalties due for any tax years, and to pursue any civil collection actions.

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**Breach of the Agreement**

14. If, during the Term of this Agreement, this Office determines in its sole discretion that the Company has breached the Agreement by: (a) committing any felony under federal law subsequent to the signing of this Agreement that involves the sale of diesel fuel by the Company, Pilot Corporation or Propeller Corp., or which does not involve the sale of diesel fuel; (b) at any time providing in connection with this Agreement deliberately false, incomplete, or misleading information; (c) failing to cooperate as set forth in Paragraph 6 of this Agreement; or (d) otherwise failing specifically to perform or to fulfill completely each and every one of the Company's obligations under the Agreement, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Government has knowledge. Any such prosecution may be premised on any information provided by the Company. 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 the Company notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any prosecution that is not time-barred on the date of this Agreement shall be tolled for the Term plus one year (the "Tolling Period"). Additionally, by signing this Agreement, the Company waives its rights to a speedy trial pursuant to the Fifth and Sixth Amendments to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b), during the Tolling Period.

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15. In the event that this Office determines that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to Federal Law Enforcement, including but not limited to the Statement of Facts, or any testimony given by the Company or by any agent of the Company before a grand jury, or elsewhere, whether before or after the date of this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by this Office against the Company; and (b) the Company shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, decision or authority, that statements made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or otherwise excluded from evidence.

16. The Company agrees that it is within this Office's sole discretion to choose, in the event of a breach, the remedies contained in Paragraphs 14 and 15 above, or in the event of a material breach, the remedy in Paragraph 2, or instead to choose to extend the Term of this Agreement pursuant to Paragraph 3. The Company understands and agrees that the exercise of this Office's discretion under this Agreement is unreviewable by any court. In the event that this Office determines in its sole discretion that the Company has breached this Agreement, including a material breach as defined in Paragraph 2, this Office agrees to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, the Company shall have the opportunity to respond to this Office in writing to explain the nature and circumstances of such breach, or to explain that no breach has occurred, as well as the actions the Company has taken to address and

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remediate the situation, which explanation this Office shall consider in determining whether to exercise any of this Office's remedies set forth in this Agreement.

17. The Company's obligation to pay the monetary penalty of \$92 million in accordance with paragraph 10 of this Agreement shall remain in effect even if this Office determines that the Company has breached the Agreement and initiates a criminal prosecution of the Company.

#### **Sale or Merger of the Company**

18. The Company agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a stock or asset sale, merger, or transfer, it shall include in any contract for sale, merger, or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

#### **Public Statements by the Company and the Government**

19. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents, or any other person authorized to speak for the Company, make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth in this Agreement or the Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement. The decision whether any public statement by any such person contradicting a fact contained the Statement of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of this Office. If this Office determines that a public statement by any such person contradicts in

Aubrey B. Harwell, Jr.  
Neal & Harwell, PLC  
July 10, 2014

whole or in part a statement contained in the Statement of Facts, this Office shall so notify the Company, and the Company may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. The Company shall be permitted to contest liability, raise defenses, assert affirmative claims, and otherwise take legal positions in civil or regulatory proceedings relating to the matters set forth in the Statement of Facts, provided that such legal positions do not contradict, in whole or in part, the Statement of Facts (provided, however, that the Company may, as appropriate and justified by the facts of a particular case, take the position that the facts set forth in the Statement of Facts do not apply (1) to any customer who is named as a plaintiff in a civil proceeding outside the class action settlement approved by the United States District Court for the Eastern District of Arkansas, provided that any such customer is in fact not a victim of the fraudulent conduct involving the sale of diesel fuel as set forth in the Statement of Facts, or (2) to any claim asserted in any such civil proceeding to the extent that any such claim does not arise from such misconduct). This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company. The Company shall not issue a press release in connection with this Agreement unless it first determines that the text of the release is acceptable to this Office. Nothing herein shall limit the right of the Company to make truthful disclosures required by applicable laws and regulations or restricts the Company from interacting with lenders, investors, accountants or insurers. Nothing in this Agreement is meant to affect the obligation of the Company or its officers, directors or employees to testify truthfully in any judicial proceeding.

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July 10, 2014

20. The Government agrees, if requested to do so, to bring to the attention of governmental and other debarment authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's cooperation and remediation. By agreeing to provide this information to debarment authorities, the Government is not agreeing to advocate on behalf of the Company, but rather is agreeing to provide facts to be evaluated independently by the debarment authorities.

21. The Government and the Company agree that each may disclose this Agreement and its attachments to the public.

#### **Limitations on Binding Effect of Agreement**

22. This Agreement is binding on the Company and the Government but specifically does not bind any other federal agencies, or any state, local, or foreign law enforcement or regulatory agencies, or any other authorities, although the Government will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities, if requested to do so by the Company.

#### **Notice**

23. Any notice to the Government under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to the United States Attorney for the Eastern District of Tennessee, 800 Market Street, Suite 211, Knoxville, TN 37902. Any notice to the Company under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Aubrey B. Harwell, Jr., Esq., Neal & Harwell, PLC, 150 4th Avenue North, Suite 2000, Nashville, TN 37219-2498. Notice shall be effective upon actual receipt by the Government or the Company.



Aubrey B. Harwell, Jr.  
Neal & Harwell, PLC  
July 10, 2014

**Complete Agreement**

24. This Agreement sets forth all the terms of the agreement between the Company and the Government. No amendments, modifications, or additions to this Agreement shall be valid unless they are in writing and signed by the Government, the attorneys for the Company, and a duly authorized representative of the Company.

**AGREED:**

**FOR THE UNITED STATES**

Date: July 10, 2014

By:



William C. Killian  
United States Attorney for the  
Eastern District of Tennessee

Francis M. Hamilton III  
Assistant United States Attorney

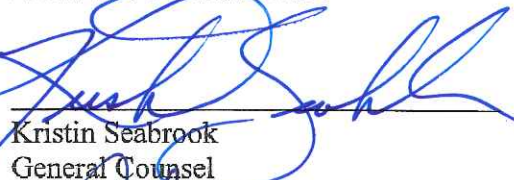
David P. Lewen, Jr.  
Assistant United States Attorney

United States Attorney's Office  
800 Market Street, Suite 211  
Knoxville, TN 37902

**FOR PILOT TRAVEL CENTERS LLC, D/B/A PILOT FLYING J**

Date: July 11, 2014

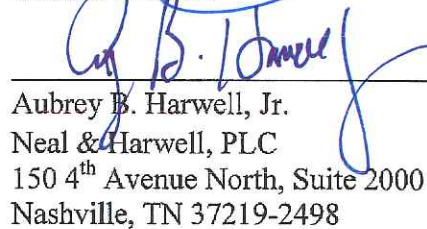
By:



Kristin Seabrook  
General Counsel

Date: July 11, 2014

By:



Aubrey B. Harwell, Jr.  
Neal & Harwell, PLC  
150 4<sup>th</sup> Avenue North, Suite 2000  
Nashville, TN 37219-2498

**ATTACHMENT A  
TO CRIMINAL ENFORCEMENT AGREEMENT  
(PILOT TRAVEL CENTERS LLC D/B/A PILOT FLYING J)**

**INFORMATION**

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TENNESSEE  
AT KNOXVILLE

UNITED STATES OF AMERICA, )  
 )  
 Plaintiff, ) DRAFT  
 )  
 vs. )  
 ) Case No. \_\_\_\_\_  
 ) Judge \_\_\_\_\_  
 PILOT TRAVEL CENTERS LLC, )  
 d/b/a PILOT FLYING J, )  
 )  
 Defendant. )

INFORMATION

The United States Attorney charges:

COUNT 1  
(Conspiracy to Commit Mail Fraud and Wire Fraud)

At all times material hereto:

1. From at least 2007, through approximately April 2013, within the Eastern District of Tennessee, and elsewhere, the defendant, PILOT TRAVEL CENTERS LLC, d/b/a PILOT FLYING J ("PILOT"), and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other, for the financial benefit of PILOT,

a. to commit mail fraud, an offense against the United States, that is for the purpose of obtaining money from certain targeted PILOT customers, by means of materially false pretenses, false representations, and omissions, and with the intent to defraud, the defendant, PILOT, through various PILOT employees, caused and approved the sending of fraudulently reduced rebate checks and fraudulently determined invoice amounts by mail and commercial interstate carriers to certain targeted PILOT customers, in violation of Title 18, United States Code, Section 1341; and

b. to commit wire fraud, an offense against the United States, that is, with the intent to defraud, the defendant, PILOT, through various PILOT employees, knowingly devised and intended to devise and to participate in a scheme and artifice to defraud, and to obtain money from certain targeted PILOT customers by means of materially false and fraudulent pretenses, representations, and omissions, and for the purpose of executing such scheme and artifice, the defendant, PILOT, through various PILOT employees, caused to be transmitted by means of wire in interstate commerce, writings, signs, and signals, in violation of Title 18, United States Code, Section 1343.

Overt Act in Furtherance of the Conspiracy

2. In furtherance of the conspiracy, the following overt act, among others, was committed in the Eastern District of Tennessee: On or about November 19 and 20, 2012, the defendant, PILOT, through various PILOT employees, knowingly and willfully, and with the intent to defraud, and for the financial benefit of Pilot, organized and conducted four break-out teaching sessions during PILOT's annual sales training meeting at PILOT headquarters in Knoxville, Tennessee, during which a PILOT employee with supervisory authority encouraged and taught PILOT direct sales personnel how to defraud, without detection, some of PILOT's customers who chose to receive their discounts in the form of a monthly rebate amount, by means of interstate wire transmissions, namely the e-mailing of spreadsheets, and through the use of the mail, namely the sending by mail of rebate checks containing deceptively false amounts.

In violation of Title 18, United States Code, Section 1349.

WILLIAM C. KILLIAN  
UNITED STATES ATTORNEY

DRAFT

By:

\_\_\_\_\_  
Francis M. Hamilton III  
Assistant United States Attorney

David P. Lewen, Jr.  
Assistant United States Attorney

**ATTACHMENT B  
TO CRIMINAL ENFORCEMENT AGREEMENT  
(PILOT TRAVEL CENTERS LLC D/B/A PILOT FLYING J)**

**STATEMENT OF FACTS**

## **STATEMENT OF FACTS**

The following Statement of Facts is incorporated by reference as part of the Criminal Enforcement Agreement (the "Agreement") between the United States Attorney's Office for the Eastern District of Tennessee ("this Office") and the United States Department of Justice ("DOJ") (collectively "the Government"), and Pilot Travel Centers LLC, d/b/a Pilot Flying J ("Pilot"). Pilot hereby agrees and stipulates that the following information is true and accurate. Pilot admits, accepts, and acknowledges that it is legally responsible for the acts of its employees as set forth below. Should the Government pursue the criminal prosecution of the charges alleged in the Information attached to the Agreement, Pilot agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. If this matter were to proceed to trial, the Government would prove beyond a reasonable doubt, by admissible evidence, the facts alleged below and set forth in the Information attached to the Agreement. This evidence would establish the following:

At all relevant times, unless otherwise specified:

### **The Company**

1. Pilot, headquartered in Knoxville, Tennessee, is, with its affiliates, the largest provider of diesel fuel to over-the-road trucking companies in the United States, selling approximately six billion gallons of diesel fuel to more than 5,000 corporate customers annually. Pilot is also the largest operator of travel centers in the United States, with more than 563 retail locations in 44 states, and, with its affiliates, employs more than 23,000 people at Pilot locations.

### **The Direct Sales Group**

2. Through its Direct Sales group ("Direct Sales"), which consists of national and regional vice presidents, sales directors, sales managers, account representatives, and other

support staff, Pilot offers various incentives, including diesel fuel price discounts, to encourage trucking company customers across the country to purchase their diesel fuel from Pilot instead of Pilot's competitors. Historically, Direct Sales has been responsible for generating at least twenty-five percent (25%) of Pilot's annual profit.

### **Pilot's Diesel Pricing Discounts in Direct Sales**

3. Typically, Pilot's diesel discount deals have involved one of three options: "retail-minus" pricing, "cost-plus" pricing, or a combination of the two known as "better-of" pricing. For its retail-minus discount deals, Pilot has typically agreed to provide the customer with a discount equal to the retail gallon price of diesel minus a negotiated number of cents. For its cost-plus discount deals, Pilot has typically agreed to provide the customer with a discount price equal to "cost" for a gallon of diesel plus a negotiated number of cents, with "cost" determined by the Oil Price Information Services ("OPIS") average wholesale rack price for a specific OPIS rack or racks assigned to the particular Pilot travel plaza where the diesel fuel was purchased by the customer, plus additives, taxes, fees and freight. For better-of pricing discount deals, the customer has both a retail-minus deal and a cost-plus deal in place for specified Pilot travel plazas, and the customer receives whichever discount is greater -- the cost-plus price or the retail-minus price.

4. Whether a customer has negotiated a "retail minus 'x' cents" discount, a "cost plus 'x' cents" discount, or a "better of" pricing discount, the customer may choose to receive its discount generally in two ways -- "off-invoice" or by way of a monthly rebate check. For customers who receive their discount "off-invoice," their agreed-upon discount is applied to an invoiced amount. For Pilot customers who choose to receive their discount in the form of a rebate, the full cash retail price for diesel at the point and time of sale is invoiced to the



customer, and then at the end of the month, the customer receives a rebate check in an amount equal to its negotiated discount for all of the customer's purchased gallons for the month. This means the customer's aggregated price discount for the month is provided in the form of a rebate check.

5. The discount deals offered by Pilot typically vary among Pilot's numerous customers. In addition, the OPIS wholesale rack-price benchmark used for Pilot's "cost-plus" pricing can vary from travel plaza to travel plaza. There are hundreds of wholesale "racks" generating "rack-prices" on a daily basis for hundreds of travel plazas. What has been complicated for many Pilot customers is that the discount deals offered by Pilot typically vary among Pilot's numerous travel plazas, and the OPIS rack-price benchmark that Pilot uses as its cost for cost-plus pricing can also vary from travel plaza to travel plaza. There are hundreds of OPIS racks generating rack-prices on a daily basis for hundreds of travel plazas. Put another way, due to the multiple variables at play in the diesel discount deals offered by Pilot to its customers, it can be challenging for customers to track whether they are in fact receiving the full amount of their agreed upon price discount from Pilot.

#### **Criminal Conduct in Pilot's Direct Sales**

6. Since at least 2007, Pilot employees who were involved with the operation and oversight of Pilot's Direct Sales conspired to engage, and did engage, for the financial benefit of Pilot, in fraudulent conduct in the payment of rebates and off-invoice discounts owed to certain targeted Pilot customers for their diesel fuel purchases. Pilot employees conspired and agreed to commit (i) mail fraud, an offense against the United States, in violation of 18 U.S.C. § 1341, that is, for the purpose of obtaining money from customers, by means of materially false pretenses, false representations, and omissions, and with the intent to defraud, Pilot employees caused and

approved the sending of fraudulently reduced rebate checks and fraudulently determined invoice amounts by mail and commercial interstate carriers to certain targeted customers, and (ii) wire fraud, an offense against the United States in violation of 18 U.S.C. § 1343, that is, with the intent to defraud, Pilot employees knowingly devised and intended to devise and to participate in a scheme and artifice to defraud, and to obtain money by means of materially false and fraudulent pretenses, representations, and omissions, and for the purpose of executing such scheme and artifice, employees caused to be transmitted by means of wire in interstate commerce, writings, signs, and signals, all so that Pilot could fraudulently retain rebates and discounts that were owed and due to certain customers, and so that Pilot could create and maintain the materially false pretense that those customers were in fact receiving their agreed upon diesel price discount with Pilot for the purpose of inducing those customers to continue their purchasing of diesel fuel from Pilot, rather than a competitor, and for the purpose of increasing both Pilot's profits and its sales personnel's commissions, all in violation of 18 U.S.C. § 1349.

7. Pilot employees conspired to deceptively withhold discounts from certain targeted customers. The discount fraud was executed generally in one of two ways: either by fraudulently reducing the amount of monthly rebate amounts to targeted customers or by deceptively reducing the off-invoice discounts of targeted customers.

a. As an example of one of the various ways Pilot employees would deceptively reduce monthly rebate amounts, Pilot employees first targeted trucking customers whom Pilot employees believed they could defraud on behalf of Pilot. Once the trucking customers were identified, Pilot employees knowingly and willfully, and with the intent to defraud, caused interstate wire transmissions to be sent, including the emailing of spreadsheets

from one Pilot employee to another, typically an inside regional account representative, who worked inside Pilot's headquarters located in Knoxville, Tennessee, that stated the approximate amount by which to deceptively reduce the listed customers' rebate amounts. These fraudulently reduced rebate amounts were then paid in the form of monthly rebate checks or were electronically wired to the targeted trucking customers. These fraudulently reduced rebate amounts were either mailed by check from Pilot's Knoxville, Tennessee, headquarters or sent by Automated Clearing House (ACH) electronic funds transfer to Pilot's customers located both inside Tennessee and outside Tennessee that were listed on the emailed spreadsheet. In other cases, Pilot employees would effectuate the fraud through use of the telephone instead of email transmissions.

b. In some cases, Pilot employees made fraudulent statements to the defrauded customers about the amount of their rebates or discounts and/or fabricated "back up" documentation sent to customers to justify the fraudulently reduced rebate or discount amounts.

c. The deceptive reduction of customers' rebate and discount amounts not only induced the customers to continue purchasing diesel fuel from Pilot, but also increased the profitability of those customers' accounts to Pilot and had the potential of increasing the sales commissions of Pilot Direct Sales employees assigned to the affected customers' accounts.

d. The foregoing conduct was prevalent within Direct Sales and carried out with the knowledge and participation of certain Pilot employees responsible for the operation and oversight of Direct Sales. Pilot employees with supervisory authority encouraged Direct Sales employees to engage in discount fraud for the benefit of Pilot. For example, during a November 19 and 20, 2012 annual sales training meeting at Pilot's headquarters in Knoxville, Tennessee, for the purpose of making targeted accounts more profitable for Pilot, a Pilot

supervisor encouraged and taught Direct Sales employees how to reduce the rebates paid to some customers, and thus to defraud, without detection, some of Pilot's customers who chose to receive their discounts in the form of a rebate check, by means of interstate wire transmissions, namely the emailing of spreadsheets, and through the use of the mail, namely the sending by mail of rebate checks containing deliberately false amounts.

e. In February 2013, certain Pilot employees involved with Direct Sales expressed an intent to expand the scheme to defraud by having Direct Sales personnel identify and target Pilot's "off-invoice" customers that were considered to be too unsophisticated to carefully monitor diesel pricing data in conjunction with their periodically received fuel invoices. Certain Pilot employees involved with the operation and oversight of Direct Sales referred to this new aspect of the fraud as "cost plus B plan" – named after having two tiers of cost pricing for different types of customers: tier "A" and tier "B." Certain Pilot employees involved with the operation and oversight of Direct Sales planned not to inform the targeted unsophisticated customers of their placement in the higher-priced tier, and these employees occasionally referred to these targeted customers as "Customer Bs." The "cost plus B plan" fraud was stopped before it could be implemented by Direct Sales employees when Pilot's in-house general counsel learned about the "cost plus B plan" in March 2013.

**ATTACHMENT C  
TO CRIMINAL ENFORCEMENT AGREEMENT  
(PILOT TRAVEL CENTERS LLC D/B/A PILOT FLYING J)**

**CERTIFICATES**

**COMPANY OFFICER'S CERTIFICATE**

I have read this Agreement and carefully reviewed every part of it with outside counsel for Pilot Travel Centers LLC, d/b/a Pilot Flying J ("the Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Managers of the Company. I have advised and caused outside counsel for the Company to advise the Board of Managers fully of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am General Counsel for the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: July 11, 2014

Pilot Travel Centers LLC, d/b/a Pilot Flying J

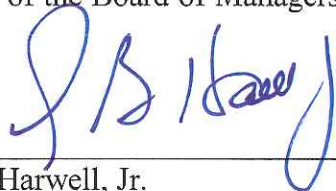
By: 

Kristin Seabrook  
General Counsel

**CERTIFICATE OF COUNSEL**

I am counsel for Pilot Travel Centers LLC (“the Company”) in the matter covered by this Agreement. In connection with such representation, I have examined the relevant Company documents and have discussed the terms of this Agreement with the Company’s Board of Managers. Based on our review of the foregoing materials and discussions, I am of the opinion that: the representatives of the Company have been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Managers and the General Counsel of the Company. I have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines’ provisions, and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Managers, is an informed and voluntary one.

Date: July 11<sup>th</sup>, 2014

By:   
Aubrey B. Harwell, Jr.  
Neal & Harwell, PLC  
150 4<sup>th</sup> Avenue North, Suite 2000  
Nashville, TN 37219-2498

**CERTIFICATE OF CORPORATE RESOLUTIONS**

WHEREAS, Pilot Travel Centers LLC, d/b/a Pilot Flying J ( the "Company"), has been engaged in discussions with the United States Attorney's Office for the Eastern District of Tennessee ("the Office") and the United States Department of Justice ("DOJ") (collectively "the Government") about fraudulent practices involving the sale of diesel fuel; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Government (i.e., the "Criminal Enforcement Agreement"); and

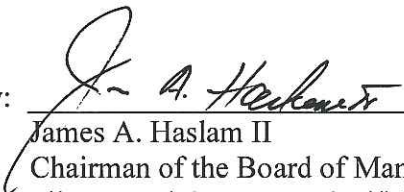
WHEREAS, the Company's General Counsel and outside counsel for the Company have advised the Board of Managers of the Company of its rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of entering into such agreement with the Department;

The undersigned certifies that the Board has resolved that:

1. The General Counsel of the Company, Kristin Seabrook, is authorized, empowered, and directed, on behalf of the Company, to execute the Criminal Enforcement Agreement substantially in such form as reviewed by the Board at this meeting with such changes she may approve, including the acceptance of a monetary penalty against the Company in the amount of \$92 million; and

2. The General Counsel of the Company, Kristin Seabrook, is authorized, empowered, and directed, on behalf of the Company, to take any and all actions as may be necessary or appropriate and to approve the forms, terms, or provisions of any agreement or other documents as may be necessary or appropriate to carry out and effectuate the purpose and intent of the foregoing resolutions.

Date: July 10, 2014

By:   
James A. Haslam II  
Chairman of the Board of Managers  
Pilot Travel Centers LLC, d/b/a Pilot Flying J





U.S. Department of Justice

Criminal Division

Assistant Attorney General

Washington, D.C. 20530

JUL 10 2014

The Honorable William C. Killian  
United States Attorney  
Eastern District of Tennessee  
800 Market Street, Suite 211  
Knoxville, TN 37902

Attention: F. M. (Trey) Hamilton, III  
Assistant United States Attorney

Re: Criminal Enforcement Agreement for Pilot Travel Centers, LLC

Dear Mr. Killian:

This is in response to your request for authorization to enter into a Criminal Enforcement Agreement with Pilot Travel Centers, LLC.

I hereby approve the terms of the Criminal Enforcement Agreement with Pilot Travel Centers, LLC, including the provisions in paragraphs 11 and 13 wherein the United States agrees not to initiate further criminal proceedings against Pilot Travel Centers, LLC, for the conduct prior to June 2, 2014, that have been admitted in its disclosure letter.

You are authorized to make this approval a matter of record in this proceeding

Sincerely,

Leslie R. Caldwell  
Assistant Attorney General

PAUL M O'BRIEN  
DEPUTY ASSISTANT ATTORNEY GENERAL  
CRIMINAL DIVISION