

CPI SECURITY SYSTEMS

Telemarketing Operating Standards & Procedures Manual

Policies & Procedures

CPI Security Systems Telemarketing Operations

Establishing Peace of Mind, One customer at a time...

The Telemarketing Operation at CPI Security Systems has been in Operation for over 17 years providing consistent sales leads and growth for the company. Telemarketing is viewed to be a critical element in the company marketing strategy as it allows CPI to target specific customer prospects by geographic area. This methodology allows for consistent growth in all geographic areas that CPI services without depleting available lead sources while supporting consistent levels of staffing in each of the CPI Sales and Installation Offices and in the Telemarketing Operation.

CPI takes pride in its telemarketing efforts based on objectives that seek to inform potential clients about home safety and do not directly sell systems over the phone. The Telemarketing Department's primary goal is to set appointments for face-to-face presentations with CPI Sales Representatives and to provide basic company and system information. We understand how important and particular home security needs are for every customer and do not compromise the protection of our customers by directly selling systems over the phone. This sales process insures that every potential customer receives an in-home demonstration by a trained sales representative that customizes each presentation and system for each customer and their home.

Standards and Operating Procedures

This Standards and Operating Procedures Manual has been developed to exemplify the standards and procedures that support high levels of customer satisfaction and the highest business ethics and business practices. This manual has been broken down into two areas of Standards and Procedures: 1.) Telemarketing and Sales Associate Standards and Procedures and 2.) Corporate Compliance Management Standards and Procedures.

FCC/FTC Telemarketing Sales Rule and North Carolina State Law Compliance

The CPI Security Systems Sales & Telemarketing Department Operations, Personnel and Dialer Operations Standards and Procedures are developed and maintained to conduct business that meets or exceeds the required operational standards set forth by the FCC Telemarketing Sales Rule (TSR) and North Carolina State Telemarketing Law.

FCC/FTC Telemarketing Sales Rule – This ruled legislation was placed into effect October 1, 2003. The Basic Requirements of the rule are as follows:

- Preventing calls to the “Do not Call Registry” individuals or to CPI “Do not call” list individuals by updating data a minimum of every 90 days from the FCC “Do Not Call Registry”
- Calls can be made to consumers where a “business relationship” exists.
- Transmit Caller-id

- Manage abandon rate below 3 %
- Maintain adequate records for compliance reporting
- Play recorded message to abandoned consumers
- As of October 1, 2003 Violators are subject to \$11,000 fine per violation, plus injunctive remedies.

North Carolina State Law – “Telephone Solicitation” – This legislation was placed into effect October 1, 2003. The Basic Requirements of the law are as follows:

- The North Carolina requires compliance with TSR requirements and it’s conditions with the following differences:
 - A telephone solicitor shall inquire as to whether the telephone subscriber is under the age of 18.
 - In the event that the federal “Do Not Call” Registry is not operational by January 1, 2004, or ceases to operate for a reason after January 1, 2004, the Attorney General may develop, operate and maintain such a registry for the benefit of North Carolina telephone subscribers.
- As of October 1, 2003, violators are subject to an initial fine of \$500 for the 1st violation and \$100 for each violation within two years of the 1st violation.
- As of October 1, 2003, consumers can bring action against violators in civil court of \$500 for the 1st violation, \$1000 for the second violation, \$5000 for the third and any other violation that occurs within two years of the 1st violation.

Telemarketing and Sales Associate Standards and Procedures

1.0 **Associate Conduct** – Associate conduct is professional, ethical and customer friendly at all times. Conduct that is contrary to this standard is unacceptable.

2.0 **Understanding of State and Federal Laws affecting Telemarketing** – CPI Telemarketing Policies and Procedures has been drafted to comply with state and federal requirements. Knowing and following CPI established policies and procedures ensures your understanding and compliance with FCC Telemarketing Sales Rule and North Carolina Telemarketing State Laws that effect the operation of the Telemarketing operation at CPI, not only as they apply to their individual behavior, conduct and work practices, but also the requirements that govern the Sales, Telemarketing, Advertising and IT operations.

2.1 “Do Not Call Registry” and “Do Not Call List” Definition and Procedures

2.1.1 The FCC “Do Not Call Registry” and the CPI “Do Not Call” List are lists of individuals that have communicated to either the FCC or CPI directly to be placed on the listing to restrict telemarketing calls to their phone number.

2.1.2 Applies to all lead sources that are dialed (Manually or by the predictive dialer). Sales representatives or telemarketers manually dialing prospective consumers must check **before** calling to insure that the numbers are not on either listing or flagged as DNC within the company’s CRM.

2.1.2.1 CPI “Do Not Call” checking software has been developed and available for checking numbers prior to manually making calls to consumers.

2.2 Exceptions to Calling Customers on the “Do Not Call Registry”

- 2.2.1 CPI associates can call a consumer who has given the company express written permission to call, even if the consumer’s number is on the Registry.
 - 2.2.1.1 The consumer must give an express agreement in writing to receive calls placed by – or on behalf of – CPI, including the number to which calls may be made, and the consumer’s signature. The signature may be a valid electronic signature, if the agreement is reached online.
 - 2.2.1.2 If CPI seeks a consumer’s permission to call, the request must be clear and conspicuous, and the consumer’s consent must be affirmative. If the request is made in writing, it cannot not be hidden; printed in small, pale, or non-contrasting type; hidden on the back or bottom of the document; or buried in unrelated information where a person would not expect to find such a request. A consumer must provide consent affirmatively, such as by checking a box or providing their signature.
- 2.2.2 CPI associates can call prospects that have an "established business relationship" exception to the National Do Not Call provisions so that a company may call a consumer with whom it has such a relationship, even if the consumer’s number is on the Registry.
 - 2.2.2.1 If consumers inquiry about CPI, the “established business relationship” for calling consumers on the “Do Not Call Registry” is 90 days from the date of inquiry.
 - 2.2.2.2 If consumers are existing CPI Customers, such as consumers with CPI pre-wired homes, the “established business relationship” for calling consumers on the “Do not Call Registry” is 18 months. The 18-month period runs from the date of the last payment, transaction, shipment or work order completion between the consumer and the seller.
 - 2.2.2.2.1 Business Relationship Definition: An established business relationship is between a seller and a customer; it is not necessarily between one of the seller’s subsidiaries or affiliates and that customer. The test for whether a subsidiary or affiliate can claim an established business relationship with a sister company’s customer is: would the customer expect to receive a call from such an entity or would the customer feel such a call is inconsistent with having placed his or her number on the National Do Not Call Registry.
- 2.2.3 The call is a result of error
 - 2.2.3.1.1 *What does “error” mean?* Since CPI has implemented written Do Not Call procedures, it will not be liable for a Rule violation if a subsequent call is the result of error. But it may be subject to an enforcement investigation, which would focus on the effectiveness of the procedures in place, how they are implemented, and if all personnel are trained in Do Not Call procedures. If there is a high incidence of “errors,”

it may be determined that the procedures are inadequate to comply with the Rule's Do Not Call requirements, the safe harbor is not fulfilled, and the calls violate the Rule. On the other hand, if there is a low incidence of "errors," there may not be a Rule violation. The determination of whether an excusable "error" occurs is based on the facts of each case.

2.3 Prompt Disclosures in Outbound Telemarketing Calls

2.3.1 CPI associates will promptly identify themselves, CPI, the purpose of the call and to describe the nature of the services being offered at the beginning of every telemarketing call.

2.3.1.1 ***The identity of the seller (CPI Security Systems)*** CPI is the entity that provides goods or Services to the consumer in exchange for payment.

2.3.1.2 ***That the purpose of the call is to sell goods or Services.*** The Rule requires that the purpose of the call be disclosed truthfully and promptly to consumers. How you describe or explain the purpose of the call is important to insure that your description is not likely to mislead consumers. For example, it would be untruthful to state that a call is a "courtesy call," if it's a sales call. Additionally, it would be untruthful to state that the call is "not a solicitation call", if the intent is to set an appointment for a sales consultant to visit the home owner.

2.3.1.3 ***The nature of the goods or Services being offered.*** This is a brief description of items you are offering for sale.

2.3.1.4 ***In the case of a prize promotion, that no purchase or payment is necessary to participate or win, and that a purchase or payment does not increase the chances of winning.*** If the consumer asks, you must disclose – without delay – instructions on how to enter the prize promotion without paying any money or purchasing any goods or Services.

2.4 Protecting Consumers' Privacy

CPI associates will not engage in certain abusive practices that infringe on a consumer's right to be let alone.

2.4.1 CPI associates will not call a person whose number is on the National Do Not Call Registry or a person who has asked not to get telemarketing calls from a particular company or charity.

2.4.2 CPI associates will not misuse a Do Not Call list.

2.4.3 CPI associates will not deny or interfere with a person's Do Not Call rights.

- 2.4.4 CPI associates will not call outside the permissible hours of 8am – 9pm.
- 2.4.5 CPI associates will not abandon an outbound telephone call.
- 2.4.6 CPI associates will notify CPI Management if there is a potential problem with the transmission of Caller Identification information.
- 2.4.7 CPI associates will not use threats, intimidation, or profane or obscene language.
- 2.4.8 CPI associates will not cause any telephone to ring or engaging any person in telephone conversation repeatedly or continuously with intent to annoy, abuse, or harass.
- 2.4.9 Customer Inquiries regarding “Do Not Call” and returned phone calls from called consumers responding to “Caller ID” - Returned consumer calls will be handled professionally to inform consumers of our business intent and offerings.
 - 2.4.9.1 Customer requests to no longer be called will be honored using the CPI “Do not Call” Checking System providing callers with a confirmation number. The consumer will be notified that the update will be performed daily at the end of each business day, but may require 72 hours to fully take effect across all outbound campaign activity..

2.5 Consumer/Prospect Requests

- 2.5.1 CPI associates will follow procedures to honor consumers’ requests that they not be called by having their number placed on CPI’s own Do not Call List.
 - 2.5.1.1 Consumer request to “Not to Call Anymore”, to “Stop Calling” or “Do not call” should be received and coded as a consumers request to be placed on the CPI “Do not call” list. Additionally, consumer irate response or emphatic refusal of interest should be received and coded as a consumers request to be placed on the CPI “Do not call” list.
 - 2.5.1.2 If request is made when agent is on the Dialer, complete the following steps:
 - 2.5.1.2.1 In the disposition box in the caller’s screen, select “Add to do not call list” from the action drop down. Select “Do Not Call” from the outcome drop down. After agent dispositions the call, Click on Actions; choose “Put in the Do Not Call List”. A box will appear to add the number. Click ok.
 - 2.5.1.3 If Manual call or Caller ID; update must be made in CRM (currently Salesforce.com).
- 2.5.2 CPI associates will provide customers the name of our company, address and phone number, if requested by a consumer.

The following information should be conveyed:

CPI Security Systems

4200 Sandy Porter Road
Charlotte, NC 28273
877-240-2145

- 2.5.3 CPI associates will follow procedures to honor consumers' requests for a copy of CPI's Telemarketing Policies and Procedures.
 - 2.5.3.1 Associates can direct customers to the CPI Website www.cpisecurity.com
 - 2.5.3.2 Associates can fax, email or send a copy of the CPI's Telemarketing Policies and Procedures.

Corporate Compliance Management Standards and Procedures

1.0 CPI Security Systems Standards and Procedures for telemarketing

- 1.1 CPI Security Systems telemarkets consumers for the purpose of building customers for Life through our product offerings and Clavicle. Our goal is to provide "World Class" service in all consumer contacts by actively promoting high customer satisfaction through the most professional and ethical business practices.
- 1.2 CPI Security Systems does not telemarket to individuals under the age of 18.
- 1.3 CPI Collects information from its external website for the purposes of marketing with consumers' confirmed consent.
- 1.4 CPI does not rent, sell, or share personal information about its customers/potential customers with other people or non affiliated companies
- 1.5 Consumers can call CPI during normal business hours to request to be placed on our internal DNC list
- 1.6 Consumers can call CPI during normal business hours to information or a copy of our telemarketing standards and procedures.

2.0 CPI Security Systems Standards and Procedures for FCC Telemarketing Sales Rule and North Carolina State Law Requirements and compliance

- 2.1 CPI Security Systems will maintain compliance with the original Telemarketing Sales Rule by maintaining the company-specific Do Not Call provision and supplement restrictive calling to those numbers on the National Do Not Call Registry.
 - 2.1.1 The Information Technology (IT) Department will download the FCC "Do Not Call Registry" and updates every (20) days. This policy exceeds the TSR requirement to update every (31) days to insure compliance with the TSR and North Carolina State Law.
 - 2.1.2 The IT Department will maintain a CPI "entity-specific" "Do Not Call" list and tools to maintain, add and manage data for the purposes of effectively responding to consumer requests not to be called. All changes to this database will be time-stamped for record keeping requirements.

- 2.1.3 The IT Department will configure and maintain data management tools to restrict “Do not call” records from being added to the dialer database during data filtering and normalization.
 - 2.1.4 The Call Center Anywhere Predictive Dialer Solution (CCA) will be configured and maintained to comply with the TSR and North Carolina State Law.
 - 2.1.4.1 CCA will be configured and maintained to restrict “Do not call” records from being added to the dialer database during data imports.
 - 2.1.4.2 The IT Department will run CCA Batch processing for “Do not call” maintenance daily to insure phone numbers on the CPI “Do not call” listing and FCC “Do Not Call Registry” are dispositioned as uncallable records.
- 2.2 CPI may call a consumer with whom it has such a relationship, even if the consumer’s number is on the Registry.
- 2.2.1 The CPI Telemarketing Department will work cooperatively with the IT Department to manage consumer inquiry and business relationship data to insure North Carolina State Law and TSR compliance.
 - 2.2.1.1 Telemarketing data entry standards, which include a creation date and express confirmation from the consumer, require data to be entered into the CRM database utilizing the data entry form for mall, Sports Sponsorships and home show data.
 - 2.2.1.2 New additions to the CPI “Do Not Call” list from individuals with whom we have a business relationship that request not to be called will be added daily at the end of each business day.
- 2.3 CPI Security Systems requires telephone carriers, for purposes of Caller ID, to transmit the telephone number **877-240-2145 and “CPI Security” as a default ID**. This provision is in effect September 29, 2003 exceeding the TSR compliance requirement for this provision by January 1, 2004. CPI Security reserves the right to over-ride this default caller ID with other phone numbers and name to support campaign tracking at it’s discretion provided the Caller ID meets TSR requirements.
- 2.4 The CPI IT Department, in cooperation with the Telemarketing Department, develops and maintains policies and procedures to meet safe harbor provisions of the TSR.
- 2.4.1 CPI uses CCA technology to comply with TSR “Safe harbor” Requirements.
 - 2.4.1.1 CCA is configured to ensure abandonment of no more than two percent of all calls answered by a live person, measured per day per calling campaign. This configuration ensures FCC compliance of below 3%.

- 2.4.1.2 CCA is configured to allow the telephone to ring for 28 seconds before disconnecting exceeding TSR requirements for a minimum duration of 15 seconds.
- 2.4.1.3 CCA is configured to play a recorded default message stating that the call is from “CPI Security” and telephone number 877-240-2145 whenever a live sales representative is unavailable within two seconds of a live person answering the call. CPI reserves the right to play a message with a different phone number for tracking purposes and to ensure proper return call routing provided the message and number meet TSR requirements.
- 2.4.1.4 The IT Department maintains records documenting adherence to the (3) “Safe Harbor” Requirements regarding call abandonment outlined in the FCC TSR.
- 2.4.2 The Telemarketing and Advertising Departments maintain records of the following for two years in compliance with the FCC TSR: Advertising and promotional materials, information about prize recipients, sales records, employee records and all verifiable authorizations or records of informed consent or express agreement.
- 2.4.2.1 **Advertising and Promotional Materials** CPI will keep at least one specimen copy of all substantially different advertising, brochures, telemarketing scripts, and promotional materials. It is not required to keep copies of documents that are virtually identical except for immaterial variations or minor alterations. Obviously, if no scripts, advertising or promotional materials are used in connection with the telemarketing activity, no materials need to be retained.
- 2.4.2.2 **Sales Records** CPI will maintain the following information about your sales: the name and last known address of each customer; the goods or Services purchased; the date the goods or Services were shipped or provided; and the amount the customer paid for the goods or Services. Only records relating to actual sales need to be maintained; you are not required to keep records of all customer contacts when customers do not make a purchase.
- 2.4.2.3 **Employee Records** CPI will keep employee records for all current and former employees directly involved in telephone sales. CPI will maintain up-to-date information on current employees, and last-known information on former employees. CPI is not required to update information on former employees. In addition, records of individuals not directly involved in telephone sales do not have to be kept for purposes of the Rule. Nevertheless, such information may be required under other state or federal laws.
- 2.4.2.4 **Maintaining Records** Responsible CPI Departments for record keeping will maintain the records in any manner, format, or place that we keep

such records in the ordinary course of business, including in electronic storage, on microfiche, or on paper.

- 2.4.3 CPI has established and implemented written procedures to honor consumers' requests that they not be called.
- 2.4.4 CPI Security Systems trains its personnel (Telemarketing, Sales and IT Departments), and any entity assisting in its compliance, in these procedures.
- 2.4.5 The CPI IT Department maintains and records an entity-specific Do Not Call list.
- 2.4.6 CPI Security Systems uses, and maintains records documenting, a process to prevent calls to any telephone number on an entity-specific Do Not Call list or the National Do Not Call Registry. This, provided that the latter process involves using a version of the National Registry from the FCC/FTC no more than three months before the date any call is made.
- 2.4.7 The IT Department with support of CPI Management monitors and enforces compliance with the entity's written Do Not Call procedures.
 - 2.4.7.1 The CPI IT Department will conduct monthly testing of "Do not call" data and procedures to insure the integrity of our policies and procedures.