

IT IS THEREFORE STIPULATED, AGREED, AND ORDERED as follows:

FINDINGS

1. This Court has jurisdiction over the subject matter of this case and the parties pursuant to 15 U.S.C. §§ 45(a), 53(b), 57(b), 6101(b), 6102(c), as well as 28 U.S.C. §§ 1331, 1337(a), and 1345.

2. Venue in this District is proper under 15 U.S.C. § 53(b) and 28 U.S.C. §§ 1391(b) and (c).

3. The activities of Defendants are in or affecting "commerce," as that term is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

4. The Complaint states a claim upon which relief may be granted against Defendants under Sections 5(a), 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 53(b), and 57(b).

5. Defendants have entered into this Order freely and without coercion. Defendants' agreement to the injunctive provisions of this Order does not constitute an admission of guilt or liability for any of the violations alleged in the Complaint. Defendants further acknowledge that they have read the provisions of this Order and are prepared to abide by them.

6. The Plaintiff and Defendants, by and through their counsel, have agreed that the entry of this Order resolves all matters of dispute between them arising from the facts and circumstances alleged in the Complaint in this action, up to the date of entry of this Order.

7. Defendants waive all rights to seek appellate review or otherwise challenge or contest the validity of this Order. Defendants further waive and release any claim they may have against the Commission, its employees, representatives or agents.

8. Defendants agree that this Order does not entitle Defendants to seek or to obtain attorneys' fees as a prevailing party under the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), and Defendants further waive any rights to attorneys' fees that may arise under said provision of law.

9. This Order is in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law.

10. Entry of this Order is in the public interest, and there being no just reason for delay, the Clerk is directed to enter this Order immediately.

DEFINITIONS

For purposes of this order, the following definitions shall apply:

1. "Assisting and facilitating" shall have the meaning that it has in Section 310.3(b) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(b) (1996), *as amended* (2003).

2. "Asset" means any legal or equitable interest in, right to, or claim to, any real or personal property, including but not limited to chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, premises, contracts, mail or other deliveries, shares of stock, lists of consumer names, inventory, checks, notes, accounts, credits, receivables, funds, and all cash, wherever located.

3. Unless otherwise specified, "Defendants" means the Individual Defendants and the Limited Partnership Defendant. The "Individual Defendants" means Jay Lankford and H. Lee Murphy, individually, and as principals of the Limited Partnership Defendant. The "Limited Partnership Defendant" means Specialty Outsourcing Solutions, Ltd. ("SOS").

4. "Document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, into reasonably usable form through detection devices. A draft or non-identical copy is a separate document within the meaning of the term.

5. "Plaintiff" means the Federal Trade Commission.

6. "Telemarketing" means any plan, program or campaign (whether or not covered by the Telemarketing Sales Rule, 16 C.F.R. Part 310) that is conducted to induce the purchase of goods or services by means of the use of one or more telephones.

ORDER

I. PROHIBITION AGAINST MISREPRESENTATIONS

IT IS FURTHER ORDERED that in connection with the advertising, promotion, offering for sale, or sale of goods or services by any means whatsoever, each of the Defendants, and their successors, assigns, officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other entity, are hereby permanently restrained and enjoined from making, directly or by implication, orally or in writing, any false or misleading representation, or assisting others in making any such false or misleading representation, including any misrepresentation that:

B. The Defendant is affiliated with MasterCard, any other credit card or debit card company, or a bank or other financial institution;

- C. The Defendant is contacting the consumer in response to a credit application made by the consumer;
- D. After a consumer pays the Defendant a fee, the consumer is likely or is guaranteed to receive a credit card, debit card, or any other payment card or device of any kind;
- E. The purchase of a credit card, debit card, or other payment card or device from the Defendant increases the likelihood that a consumer's credit will improve and that the consumer will get other offers for unsecured credit cards in the future; and
- F. After a consumer pays the Defendant a fee, the consumer will receive, at no additional charge, any discounted products or services.

II. PROHIBITION AGAINST UNAUTHORIZED BILLING

IT IS FURTHER ORDERED that in connection with the advertising, promotion, offering for sale, or sale of goods or services by any means whatsoever, each of the Defendants, and their successors, assigns, officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other entity, are hereby permanently restrained and enjoined from causing a consumer's credit or debit card to be charged or bank account to be debited:

- A. Without having previously obtained the consumer's express authorization for such charge or debit;
- B. Prior to receipt by the consumer of information about the product or service that the Defendant represents the consumer will receive;
- C. Prior to the expiration of any free trial period;

- D. After the Defendant has received a consumer request to cancel the purchase of such product or service, unless the Defendant can show the charge or debit occurred prior to receipt of the request to cancel; and
- E. After the consumer is denied the ability to cancel the product or service through the customer service number provided.

III. COMPLIANCE WITH THE GRAMM-LEACH-BLILEY ACT

IT IS FURTHER ORDERED that in connection with the advertising, promotion, offering for sale, or sale of goods or services by any means whatsoever, each of the Defendants, and their successors, assigns, officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other entity, are hereby restrained and enjoined from violating any provision of Section 521 of the Gramm-Leach-Bliley Act, 15 U.S.C. § 6821, including but not limited to inducing consumers to divulge their personal financial information by misrepresenting, expressly or by implication, that:

- A. The Defendant is affiliated with, or calling from or on behalf of, a bank, financial institution, or credit or debit card company; and
- B. The Defendant already possesses, or is verifying, a consumer's bank account information.

IV. COMPLIANCE WITH THE TELEMARKETING SALES RULE

IT IS FURTHER ORDERED that in connection with any telemarketing, Defendants, and each of their successors, assigns, principals, officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal

service, facsimile, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are hereby restrained and enjoined from violating, and from assisting or facilitating any other person to violate, any provision of the Telemarketing Sales Rule, 16 C.F.R. Part 310, *as amended*, including but not limited to:

- A. Making any false or misleading statement to induce any person to pay for goods or services.
- B. Requesting or receiving payment of a fee or consideration in advance of consumers' obtaining a credit card when a telemarketer or seller has guaranteed or represented a likelihood of success in obtaining a credit card for such consumers;
- C. Misrepresenting, directly or by implication, the terms of the seller's refund, cancellation, exchange, or repurchase policies, including but not limited to misrepresentations that:
 - 1. The seller or telemarketer provides a free trial or cancellation period during which time the consumer can cancel;
 - 2. Consumers will not be billed prior to the end of the free trial or cancellation period; and
 - 3. Defendants provide customer response services to consumers; and
- D. Failing to disclose promptly, and in a clear and conspicuous manner:
 - 1. That the purpose of the call is to sell goods and services; and
 - 2. The identity of all sellers and the nature of all goods and services to be offered during the call.

V. REDRESS PAYMENT

IT IS FURTHER ORDERED that:

- A. The Defendants are jointly and severally liable for, and are ordered to pay and turn over to the Commission, money and assets having a total value of \$512,000. Defendants' satisfaction of this \$512,000 liability is due upon the entry of this Order by the Court, and shall be discharged as follows:
1. Defendants deposited the sum of \$294,000 with the Commission simultaneously with their execution of this Order, and hereby convey the \$294,000 to the Commission upon the entry of the Order, and forever after relinquish any right to this payment, which is not a fine or penalty; and
 2. Defendants hereby transfer and assign to the Commission, upon the entry of this Order, all their rights and interest in the \$218,000 receivable owed to them by Defendant Assail, Inc., and forever after forfeit and abandon any right or interest in that amount, so that those funds will be available for use for consumer redress.
- B. The Commission's agreement to this Order is expressly premised upon the truthfulness, accuracy and completeness of the financial statements and supporting documents of SOS dated June 9, 2003, the truthfulness, accuracy, and correctness of which was attested to by Jay Lankford on that date, as well as the sworn individual financial statements and supporting documents provided by Jay Lankford dated June 6, 2003, and by Lee Murphy dated June 6, 2003. These documents contain material information upon which the Commission has relied in negotiating and agreeing to this Order. If, upon motion by the Commission, the Court finds that any

Defendant has failed to disclose any material asset or materially misstated the value of any asset in the financial documents described above, or has made any other material misstatement or omission in the financial documents described above, the Court shall enter a monetary judgment only against that Defendant in the amount of \$4,000,000, and shall make an express determination that there is no just reason for delay in the entry of that judgment. This monetary judgment, shall become immediately due and payable by the Defendant, with interest computed at the rate prescribed under 28 U.S.C. § 1969, as amended, due from the date of entry of this Order, and Plaintiff shall be permitted to execute upon the judgment immediately and engage in discovery in aid of execution.

- C. In accordance with 31 U.S.C. § 7701, the Defendants are hereby required, unless they have done so already, to furnish to the Commission their respective taxpayer identifying numbers (social security numbers and employer identification numbers) which shall be used for purposes of collecting and reporting on any delinquent amount arising out of Defendants' relationship with the government.
- D. The Individual Defendants are further required, unless they have done so already, to provide the Commission with clear, legible and full-size photocopies of all valid driver's licenses that they possess, which will be used for reporting and compliance purposes.
- E. Defendants agree that the facts as alleged in the Complaint filed in this action shall be taken as true in any subsequent litigation filed by the Commission to enforce its rights pursuant to this Order, including, but not limited to, a non-dischargeability complaint filed in any bankruptcy proceeding.

F. Proceedings instituted under this Paragraph are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including any other proceedings the Commission may initiate to enforce this Order.

VI. COMMISSION'S USE OF FUNDS

IT IS FURTHER ORDERED that all funds paid to the Commission or its agent pursuant to Paragraph V of this Order, may be deposited into a fund administered by the Commission or its agent to be used for equitable relief, including but not limited to consumer redress and any attendant expenses for the administration of any redress fund. In the event that direct redress to consumers is wholly or partially impracticable or that funds remain after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited to the United States Treasury as disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies under this Paragraph.

VII. LIFTING OF THE ASSET FREEZE

IT IS FURTHER ORDERED that the freeze of the Defendants' assets pursuant to the Preliminary Injunction Order entered by this Court on February 4, 2003, shall be lifted to the extent necessary to turn over assets as required by Paragraph V of this Order, and upon completion of that transfer, shall be vacated and lifted permanently.

VIII. ACKNOWLEDGMENT OF RECEIPT OF ORDER

IT IS FURTHER ORDERED that each Defendant, within five (5) business days of receipt of this Order as entered by the Court, shall submit to the Commission a truthful sworn statement acknowledging receipt of this Order.

IX. DISTRIBUTION OF ORDER BY DEFENDANT

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order:

A. The Limited Partnership Defendant shall:

1. Deliver a copy of this Order to all principals, partners, officers, and directors of the Limited Partnership Defendant, and to all individuals serving the Limited Partnership Defendant in a management capacity, whether designated as employees, representatives, agents, consultants, independent contractors or otherwise;
2. Deliver, in the form set forth in Appendix A, a summary of the injunctive provisions of this Order to each employee, agent, representative and independent contractor having responsibilities subject to this Order; and
3. Secure signed and dated statements acknowledging receipt of the Order or summary from current principals, partners, officers, directors, consultants, managers, employees, agents, representatives and independent contractors having responsibilities subject to this Order, within thirty (30) days of the date of entry of this Order, and from future principals, partners, officers, directors, consultants, managers, employees, agents, representatives and independent contractors having responsibilities subject to this Order before they commence their new duties or employment.

B. The Individual Defendants shall:

1. Deliver a copy of this Order to all principals, partners, officers, directors and individuals serving in a management capacity, whether designated as employees, representatives, agents, consultants, independent contractors or

otherwise, who are under the control of the Individual Defendant for any business that (a) employs or contracts for personal services from the Individual Defendant, and (b) has responsibilities with respect to the subject matter of this Order;

2. Deliver, in the form set forth in Appendix A, a summary of the injunctive provisions of this Order to each employee, agent, representative and independent contractor having responsibilities subject to this Order who is under the control of the Individual Defendant for any business that (a) employs or contracts for personal services from the Individual Defendant, and (b) has responsibilities with respect to the subject matter of this Order; and
3. Secure signed and dated statements acknowledging receipt of the Order or summary from current principals, partners, officers, directors, consultants, managers, employees, agents, representatives and independent contractors having responsibilities subject to this Order, within thirty (30) days of the date of entry of the Order, and from future principals, partners, officers, directors consultants, managers, employees, agents, representatives and independent contractors having responsibilities subject to this Order before they commence their new duties or employment.

X. COMPLIANCE REPORTING BY DEFENDANTS

IT IS FURTHER ORDERED that, in order that compliance with the provisions of this Order may be monitored:

- A. For a period of five (5) years from the date of entry of this Order,

1. Each of the Individual Defendants shall notify the Commission in writing of any of the following:
 - a. Any changes in residence, mailing addresses and telephone numbers of the Individual Defendant, within ten (10) days of the date of such change;
 - b. Any change in employment status (including self-employment) of the Individual Defendant, and any change in the ownership interest of the Individual Defendant in any business entity, within ten (10) days of such change. Such notice shall include the name and address of each business that the Individual Defendant is affiliated with, employed by, or performs services for, a statement of the nature of the business, and a statement of the Individual Defendant's duties and responsibilities in connection with the business or employment; and
 - c. Any changes in the Individual Defendant's name or use of any aliases or fictitious names; and
2. All Defendants shall notify the Commission of any changes in the structure of the Limited Partnership Defendant, or any business entity that any Defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity, the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to

this Order, the filing of a bankruptcy petition, or a change in the name or address of the entity, at least thirty (30) days prior to such change; *provided that*, with respect to any proposed change in the business entity about which the Defendant learns less than thirty (30) days prior to the date such action is to take place, the Defendant shall notify the Commission as soon as is practicable after obtaining such knowledge;

B. One hundred eighty (180) days after the date of entry of this Order, and each year thereafter on the same date, through and including January 1, 2008, each of the Defendants shall provide a written report to the Commission, sworn to under penalty of perjury, setting forth in detail the manner and form in which the Defendant has complied and is complying with this Order. This report shall include but not be limited to:

1. The then-current residence address, mailing addresses and telephone numbers of the Individual Defendant;
2. The then-current employment and business addresses and telephone numbers of the Individual Defendant, a description of the business activities of each such employer or business, and the title and responsibilities of the Individual Defendant for each such employer or business;
3. A statement of the Individual Defendant's then-current business income and expenses, including a copy of the Individual Defendant's income tax returns with returns for any partnerships, corporations or other business entities owned, controlled or operated by the Individual Defendant or on the Individual Defendant's behalf;

4. A statement describing the manner in which the Individual Defendant has complied and is complying with Paragraphs I-IV and XV of this Order;
 5. A copy of each acknowledgment of receipt of this Order obtained by the Individual Defendant pursuant to Paragraph IX of this Order;
- C. For the purposes of this Order, the Defendants shall, unless otherwise directed by a representative of the Commission, identify all written notifications to the FTC as being in reference to FTC v. Assail et. al, United States District Court, Western District of Texas, Waco Division, Case No. W03CA007, and mail them to:
- Associate Director
Division of Marketing Practices
Federal Trade Commission
600 Pennsylvania Ave., NW, Rm. 238
Washington, DC 20580
- D. For the purposes of this Paragraph, “employment” includes the performance of services as an employee, consultant, or independent contractor; and “employers” include any individual or entity for whom an Individual Defendant performs services as an employee, consultant, or independent contractor; and
- E. For purposes of the compliance reporting required by this Paragraph, the Commission is authorized to communicate directly with each of the Individual Defendants.

XI. MONITORING COMPLIANCE OF SALES PERSONNEL

IT IS FURTHER ORDERED that, in connection with any business that any Defendant directly or indirectly manages, controls or has a majority ownership interest in, the Defendant is hereby restrained and enjoined from:

- A. Failing to take reasonable steps sufficient to monitor and ensure that all employees and independent contractors engaged in sales or other customer service functions comply with Paragraphs I-IV and XV of this Order. Such steps shall include monitoring of sales presentations with customers, and shall also include, at a minimum, the following: (1) random, blind testing of the oral representations made by persons engaged in sales or other customer service functions; (2) establishing a procedure for receiving and responding to consumer complaints; and (3) ascertaining the number and nature of consumer complaints regarding transactions in which each employee or independent contractor is involved;
- B. Failing promptly to investigate fully any consumer complaint received by any business to which this Paragraph applies; and
- C. Failing to take any corrective action with respect to any sales person whom the Individual Defendant determines is not complying with this Order, which may include training, disciplining, and/or terminating such sales person.
- D. Failing to keep records of consumer complaints and the monitoring of consumer complaints.

XII. RECORD-KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Order, in connection with any business that the Limited Partnership Defendant or any of the Individual Defendants directly or indirectly manages, controls or has a majority ownership interest in, Defendants and their agents, employees, principals, partners, officers, directors, corporations, successors, and assigns, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from failing to create and retain the following records:

- A. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- C. Customer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- D. Complaints and refund requests (whether received directly, indirectly or through any third party) and any responses to those complaints or requests;
- E. Copies of all sales scripts, training materials, advertisements, or other marketing materials, including e-mail and Internet websites or web pages, regarding any good, service, company or web site disseminated by the Defendant to any person; and
- F. All records and documents necessary to demonstrate full compliance with each provision of this Order.

XIII. ACCESS TO BUSINESS PREMISES

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, for the purposes of determining or securing compliance with its provisions, each of the Defendants, and their agents, employees, principals, partners, officers, corporations, successors, and

assigns, and those persons or entities in active concert or participation with them who receive actual notice of this Order by personal service, facsimile or otherwise, shall permit representatives of the Commission, within three (3) business days of receipt of written notice from the Commission, access during normal business hours to any office or facility storing documents of any business that the Defendant directly or indirectly manages, controls or has a majority interest in. In providing such access, the Defendant shall permit representatives of the Commission to inspect and copy all documents relevant to any matter contained in this Order, and shall permit representatives of the Commission to remove such documents for a period not to exceed three (3) business days, so that the documents may be inspected, inventoried, and copied.

XIV. COMMISSION'S AUTHORITY TO MONITOR COMPLIANCE

IT IS FURTHER ORDERED that, for the purpose of monitoring and investigating compliance with any provision of this Order:

- A. Within ten (10) days of receipt of written notice from a representative of the Commission, each of the Defendants each shall submit additional written reports, sworn to under penalty of perjury, produce documents for inspection and copying, and appear for deposition.
- B. In addition, the Commission is authorized to monitor compliance with this Order by all other lawful means, including but not limited to the following:
 1. Obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45; and
 2. Posing as consumers and suppliers to Defendants, Defendants' employees, or any other entity managed or controlled in whole or in part by any of the Defendants, without the necessity of identification or prior notice; and

C. Defendants shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, partner, officer or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

Provided, however, that nothing in this Order shall limit the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

XV. PROHIBITIONS INVOLVING CONSUMER LISTS

IT IS FURTHER ORDERED that Defendants, and their principals, partners, officers, agents, servants, employees, and attorneys, and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service, facsimile, or otherwise, are hereby permanently restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, credit card number, bank account number, e-mail address, or other identifying information of any person which was obtained by any Defendant, at any time prior to entry of this Order, in connection with the advertising, promotion, marketing, offering for sale, or sale of any good or service marketed by Defendant Assail, Inc.; *provided, however,* that Defendants may disclose such identifying information to a law enforcement agency, or as required by any law, regulation or court order.

XVI. FEES AND COSTS

IT IS FURTHER ORDERED that each party to this Order hereby agrees to bear its own costs and attorneys' fees incurred in connection with this action.

XVII. RETENTION OF JURISDICTION

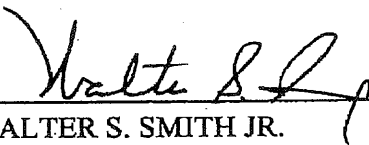
IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for purposes of construction, modification and enforcement of this Order.

XVIII. COMPLETE SETTLEMENT

The parties hereby consent to entry of the foregoing Order which shall constitute a final judgment and order in this matter. The parties further stipulate and agree that the entry of the foregoing order shall constitute a full, complete, and final settlement of this action.

IT IS SO ORDERED:

DATED: 9/22/03



WALTER S. SMITH JR.
UNITED STATES DISTRICT JUDGE

FOR THE PLAINTIFF:




ATTORNEYS FOR PLAINTIFF
FEDERAL TRADE COMMISSION

DATED: 9-11-03

Robert Kaye (Md. Bar # 160446929)
Lawrence Hodapp (D.C. Bar # 221309)
Jonathan Kraden (N.Y. Bar # 2847853)
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580
Tel. (202) 326-3105; 326-2215; 326-3257
Fax (202) 326-3395

James W. Jennings, Jr.
Assistant United States Attorney
601 N.W. Loop 410, Suite 600
San Antonio, Texas 78216
Tel. (210) 384-7330
Fax (210) 384-7322
Texas Bar No. 10641400

FOR THE DEFENDANTS:



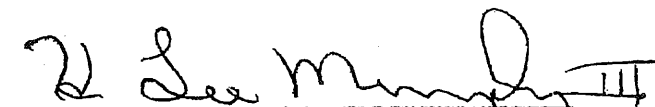
JAY LANKFORD, MANAGING PARTNER
SPECIALTY OUTSOURCING SOLUTIONS,
LTD.

DATED: 6-19-03




JAY LANKFORD, individually

DATED: 6-19-03



H. LEE MURPHY, individually

DATED: 6-19-03



ATTORNEY FOR THE DEFENDANTS

DATED: 6/19/03

C. Patrick Nunley
Naman, Howell, Smith & Lee, L.L.P.
900 Washington Avenue
Waco, Texas 76703
Tel. (254) 755- 4100

APPENDIX A

POLICY DIRECTIVE

We require strict compliance with all applicable laws and regulations governing the conduct of our business and our work for clients. Those laws and regulations include the Federal Trade Commission Act, the Gramm-Leach-Bliley Act, and the FTC Telemarketing Sales Rule.

Your compliance is required by Specialty Outsourcing Solutions, Ltd., Jay Lankford and H. Lee Murphy, and by the provisions of a Stipulated Order for Permanent Injunction entered against us by the United States District Court for the Western District of Texas in Federal Trade Commission v. Assail, Inc., et al., Civ. No. W03CA 007 (2003), in any work you do for any of us.

In order to ensure our compliance by making all employees, agents, independent contractors and representatives involved in our work aware of these obligations, and individually accountable for adhering to them, we are distributing this Policy Directive to you.

It is mandatory that you read, understand and strictly comply with the terms of this Policy Directive. If you do not understand, or have any questions about this Policy Directive and the necessity of strict compliance with it, you need to raise and resolve them with a representative of the Human Resources Department or one of us before you acknowledge your receipt of this document by signing below.

PROHIBITIONS AGAINST MISLEADING SALES CLAIMS

In connection with the advertising, promotion, offering for sale, or sale of goods or services our agents, representatives, independent contractors and employees are prohibited from making any false or misleading claims, including misrepresentations that:

- a. We are affiliated with MasterCard, or any other credit card or debit card company, or a bank or other financial institution;
- b. We are contacting a consumer in response to a credit application made by the consumer;
- c. A consumer is likely or is guaranteed to receive a credit card, debit card, or any payment card or device of any kind in return for payment of a fee;
- d. By purchasing a payment card, a consumer will increase the likelihood that his or her credit will improve and that the consumer will get other offers for unsecured credit cards in the future; and
- e. A consumer will receive, at no additional charge, discounted products or services in return for paying a fee.

PROHIBITIONS AGAINST UNAUTHORIZED BILLING

In connection with the advertising, promotion, offering for sale, or sale of goods or services, our agents, representatives, independent contractors and employees are prohibited from taking any action which causes a consumer's credit or debit card to be charged, or their bank accounts to be debited, unless:

- a. We have obtained the consumer's express authorization for those charges or debits;
- b. The consumer has already received the information about the products or services that he or she has been promised;
- c. Any free trial period has expired;
- d. The consumer has not asked to cancel the purchase of the product or service; and
- e. The consumer has not been denied the ability to cancel the purchase of the product or service.

PROHIBITIONS AGAINST SEEKING PERSONAL FINANCIAL INFORMATION

In connection with the advertising, promotion, offering for sale or sale of goods or services by our agents, representatives, independent contractors and employees are prohibited from violating the Gramm-Leach-Bliley Act, including by inducing consumers to provide or divulge their personal financial information by telling them, or implying to them, that:

- a. We are affiliated with, or calling from or on behalf of, a bank, financial institution, or credit or debit card company; and
- b. We already possess, or are verifying, the consumer's bank account information.

PROHIBITIONS AGAINST VIOLATING THE FTC TELEMARKETING SALES RULE

In connection with any telemarketing, our agents, representatives, independent contractors and employees are prohibited from violating the FTC Telemarketing Sales Rule, including:

- a. Making any false or misleading statement to induce any person to pay for goods or services;
- b. Requesting or receiving payment before a consumer actually obtains a credit card when a telemarketer or seller has claimed or guaranteed that they are likely to receive one.
- c. Misrepresenting the terms of the refund, cancellation, exchange, or repurchase policies of the sellers of products or services, including any false or misleading claims that the seller or telemarketer provides a free trial or cancellation period during which the consumer can cancel, that the consumer will not be billed until after the free trial or cancellation period, and that defendants provide customer response services to consumers; and

d. Failing to disclose promptly, and in a clear manner, that the purpose of a call is to sell goods and services, the identity of the sellers, and the nature of the goods and services to be offered during the call.

By signing below, you are acknowledging your receipt of this Policy Directive and your commitment to raise any questions that you might have about it with a representative of the Human Resources Department or one of us.

I acknowledge receipt of a copy of this policy, agree to comply with it, and understand that violation of the policy may result in an adverse personnel action against me, including termination of my employment.

Signed: _____
(Print) Name: _____
Dated: _____, 200__

Note: Copies of the Stipulated Order, the FTC Telemarketing Sales Rule, and the Graham-Leach-Bliley Act are available from the Human Resources Department or one of us upon request.