

## PINNACLE Response to news story from Illinois press

During a recent meeting of the Private Alarm Task Force an article was distributed in reference to the settlement of a legal action prompted by the Illinois Attorney General against PINNACLE SECURITY of Orem, Utah. PINNACLE welcomes the opportunity to respond to that article and clarify the results of that action.

There is no question that PINNACLE did have some problems last year in Illinois. In 2009 PINNACLE experienced a 60% growth in volume nation-wide which equated to 4,000 new customers in Illinois alone. The complaint by the State alleged that there were approximately 20 complaints from customers. It's important to remember that this represents a very small percentage of our total volume in the state. Regardless, PINNACLE was admittedly not prepared with this increase in customers and the company's compliance team, consisting of one attorney and one assistant, fell behind. . As a result, Pinnacle had sales reps committing violations of company policy for weeks without the company knowing about it. By the time headquarters had caught up with the reported complaints the damage had already been done. Specifically, a PINNACLE sales representative had engaged in some misleading sales tactics that caused some bad press and prompted the Attorney General's Office to get involved.

In the end, the dispute was settled without litigating the issues. Rather than spending time and money in court to fight the allegations PINNACLE decided that the real effort needed to be placed on concentrating on their compliance efforts so that they could match the company's growth. As a result Rich Goates, Deputy General Counsel for PINNACLE, was brought in to supervise a team of 8 Compliance Agents to monitor sales activities and customer complaints across the country. This team has adopted a set of recommendations that will help the company provide improved customer service while tracking sub-standard sales representatives. The adopted recommendations include improved training for sales staff, a requirement for criminal background checks and we the creation of a compliance database system that will help track all complaints and determine their disposition. The new system has allowed PINNACLE to investigate complaints within 48 of receiving them so that follow-up disciplinary measures as appropriate can be issued immediately. The system now allows the company to identify "rogue" sales representatives much earlier so that they may be removed from the field.

Early indications are that these improvements in compliance are making a big difference. The number of complaints related to sales tactics has greatly decreased this year over last year. A good example is our recent experience with Officer Anne McCarthy in Milwaukee. Officer McCarty made us aware of problems that were happening with our sales staff in late April, early May and we were able to take that information and act on it quickly so that we could rectify the problem. It is in neither the company's best interest nor the community's to allow these poor sales people to remain on the street longer than in necessary. It is our expectation that as we continue to refine this process in Milwaukee and elsewhere that customer complaints will be reduced even further, allowing city staff to concentrate on more pressing issues.