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December 30, 2009

VIA EMAIL

jowcza@milwaukee.gov

Common Council Members
c/o Office of the City Clerk
City Hall, Room 205
200 East Wells
Milwaukee, WI 53202

**RE: Report on the corrective actions of Monitronics International, Inc.'s
and Monitronics Security, LP's License Renewal Applications
City of Milwaukee File No. 090864**

Dear Common Council:

Monitronics International, Inc. and Monitronics Security, LP (collectively "Monitronics") have a longstanding history of cooperation with the City of Milwaukee. For more than a decade, Monitronics has continually worked with Milwaukee police alarm operators to improve its procedures and processes to reduce non-verified alarm activity and the burden such activity may place on police time and resources.

At the recent hearing of the Public Safety Commission on December 10, 2009, two general issues appeared to be of concern as it relates to Monitronics. One issue related to the number of non-verified alarms that Monitronics had experienced. The second issue related to a disgruntled customer for whom Monitronics provides monitoring services. As it relates to non-verified alarms, this issue already had been addressed at the time of the Committee meeting. Unfortunately, Monitronics was not allowed to meaningfully speak to its corrective efforts in this regard. The second issue related to one of its customer's complaints has been the subject of on-going corrective efforts by Monitronics. The customer complaint since has been resolved.

Monitronics' effort to reduce non-verified alarms in compliance with Chapter 105-75 of the Milwaukee Code of Ordinances has been significant and is ongoing. In 2009, Monitronics had 76 non-verified alarms out of 4,767 alarm signals received from 2,547 Milwaukee-area alarm monitoring customers. This is a 98.4% **compliance** rate. Following its corrective effort, since October 2, 2009, Monitronics' number of non-verified alarms is **zero**. The list that follows highlights specific corrective actions Monitronics took to achieve this high level of compliance:

1. **Changes to Monitoring Center Automation System:** Monitronics recently invested over \$4 million replacing its automation system. This new system was put into operation in 2009. This new system allows Monitronics to control dispatch numbers at the agency level instead of the customer level and eliminates

errors and changes by independent dealers for whom Monitronics monitors. This insures that a “Private First Responder Service” is dispatched first instead of the Milwaukee police.

2. Verification: Monitronics uses a 2-step verification process upon receipt of an alarm signal: 1) Monitronics calls the customer’s primary number (e.g. home phone). If no contact is made, a second call is placed to another number such as cell or office. 2) If Monitronics cannot verify if the alarm is an actual emergency with the customer, they dispatch a Private First Responder – Twin City Security, who Monitronics has had a contract with since 2004.
3. Phone Switch Changes: Monitronics reprogrammed its phone switches to prohibit customers from dispatching police without first verifying an emergency with the customer or with a “Private First Responder Service”.
4. Quarterly Compliance Review: Monitronics affirmatively calls Milwaukee police alarm operators on a quarterly basis to inquire about the number and incidence of non-verified alarms, if any, and to discuss any additional corrective actions that can be implemented to further reduce any false alarm activity.

Try as we might, no security monitoring provider can guarantee 100% compliance with the City of Milwaukee laws and ordinances relating to non-verified alarms. But the above corrective actions and significant investment demonstrate that Monitronics is committed to continued cooperation with City officials to identify and implement all measures necessary to assure compliance and reduce the number of non-verified alarms.

Monitronics similarly has acted aggressively to resolve the second issue raised related to it. At the Public Safety Committee meeting on December 10, 2009, concerns were raised about Monitronics’ customer relationship with Ms. Minnie Johnson. Monitronics has since resolved its issues with Ms. Johnson. A copy of the letter outlining the resolution is enclosed herewith.

Although Monitronics is sensitive to the concerns of members of the Public Safety Committee about the number of collection calls placed to Ms. Johnson, Monitronics’ collection policies are consistent with federal and state fair debt collection practices. At the time the calls were made to Ms. Johnson, she was behind in her payments to Monitronics. Ms. Johnson fell behind in her payments in January, 2008. After that, she never did bring her account current. Monitronics calls its customers that fall behind with payments, including Ms. Johnson, up to 3 times daily – depending on whether the customer answers the telephone – using an automatic dialer. Monitronics’ collection calls to Ms. Johnson were directly related to its attempts to collect monies that Ms. Johnson was responsible for paying.

Ms. Johnson appears to have misunderstood aspects of her alarm monitoring contract with Monitronics. Monitronics sought to clarify these concerns at the customer level as shown by the below Customer Incident History for Ms. Johnson:

1. Misunderstanding Involving Responsibility for Sales Tax: Ms. Johnson appears to have believed that she was not responsible for paying State of Wisconsin sales taxes. This belief was incorrect. Reduced here, Ms. Johnson's contract provided the following in bold, large font:

3. SERVICE FEES & TERMS OF AGREEMENT: This Agreement shall continue for an initial term of three (3) years, unless earlier terminated pursuant to the provisions hereof, and shall thereafter automatically renew on a month-to-month basis, unless either party gives proper written notice of cancellation to the other party at least thirty (30) days prior to the end of the initial term. During any renewal period, Customer may cancel this Agreement upon thirty (30) days proper prior written notice. For you own protection and to prevent unauthorized cancellations, "proper written notice" means a signed written notice including name, address, account number, and account password. Customer agrees to pay the total monthly fee above plus all sales, service, property, use and local taxes; any permit fees, any false alarm charges, telephone charges, return check charges, or Late Charges, if applicable, whether imposed on Company or Customer, Company may increase Total Monthly Fee up to 5% during the initial or any renewal term no more than once annually without prior notice. Return check charges are \$25.00 or 5% of the face value of the check, whichever is greater.

Even though Ms. Johnson's belief concerning sales tax was incorrect, on August 23, 2007, Monitronics offered to waive a \$.99 monthly rate increase on Ms. Johnson's account to resolve the sales tax issue; however, Ms. Johnson declined Monitronics' offer.

2. Misunderstanding Involving Badgerland Alarm, LLC: Ms. Johnson appears to have believed that Badgerland was a subsidiary of Monitronics. It is not. Badgerland is a separate and distinct domestic corporation organized under the laws of the State of Wisconsin. It is not a subsidiary of Monitronics. In 2008, Ms. Johnson filed a complaint with the State of Wisconsin, Department of Agriculture, Trade and Consumer Protection ("DATCP") based on the acts and omissions of *Badgerland*. She incorrectly imputed these acts and omissions to Monitronics. Monitronics became aware of Ms. Johnson's consumer complaint by correspondence dated October 28, 2009 from DATCP. Monitronics took prompt action to resolve Ms. Johnson's concerns as outlined in the attached letter to DATCP dated November 25, 2009. It is important to note that Monitronics was not the subject of the DATCP action and no corrective action was taken against Monitronics related to the same.

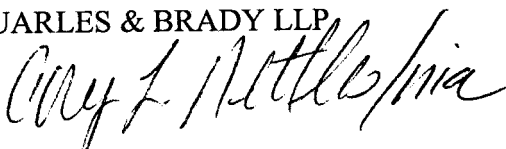
3. Misunderstanding Involving Services Provided: Ms. Johnson expressed concerns about being protected by Monitronics' alarm monitoring services in light of the fact that Monitronics is not based in Milwaukee. Respectfully, these concerns were misplaced. Monitronics aims to provide fast, efficient service to all of its customers in Milwaukee and elsewhere, including having provided 24-hour monitoring for the Secret Service and Department of Homeland Security at the last G8 Summit held in the United States at Sea Island, Georgia, June 8-10, 2004. With respect to Ms. Johnson specifically, her system sent Monitronics 31 test signals between September 2007 and September 2009. Monitronics further responded to 14 alarm signals from Ms. Johnson's home, having spoken with Ms. Johnson on 11 of those occasions. Lastly, Monitronics' private first responder was dispatched to Ms. Johnson's residence on September 3, 2009 in response to an alarm signal. This event history for Ms. Johnson's alarm monitoring account highlights responsive action taken by Monitronics with respect to alarm signals from Ms. Johnson's residence.

As the foregoing demonstrates, Monitronics proactively has undertaken aggressive corrective action at significant expense to reduce the number of non-verified alarms in Milwaukee. The results were immediate – zero non-verified alarms since October 2, 2009. Monitronics also has resolved its outstanding issues with Ms. Johnson to the best of its ability. Monitronics looks forward to continuing to work with the City of Milwaukee to provide its subscribers fast and efficient alarm monitoring services while complying with municipal laws and ordinances. Monitronics respectfully requests that its security monitoring licenses be immediately renewed.

If we can provide any additional information or further address any of the matters herein, please do not hesitate to contact us.

Sincerely,

QUARLES & BRADY LLP



Cory L. Nettles

CLN/nia

Enclosures

cc: Robert Sherman



December 15, 2009

Ms. Minnie Johnson
137 E. Burleigh Street
Milwaukee, WI 53212-2041

Dear Ms. Johnson:

Thank you for taking my phone call this morning. I am glad we were able to satisfactorily resolve the issues between you and Monitronics.

Monitronics has not and will not report you to any collection bureau.

Per our agreement, I am enclosing a cashier's check in the agreed-upon amount of \$2,500. By cashing this check, you agree that all issues between yourself and Monitronics have been resolved acceptably, and that you agree not to pursue any action now or in the future against Monitronics.

Thank you for your time.

Sincerely,

A handwritten signature in cursive script that reads 'Robert Sherman'.

Robert Sherman
Vice President

jp

Enc: Cashier's Check



Keep this receipt as a record of your purchase.

FOR YOUR PROTECTION SAVE THIS COPY
CASHIER'S CHECK

Customer Copy

9884602678

12/15/2009

Texas

Remitter MONITRONICS INTERNATIONAL INC

\$ *****2,500.00 ***

Pay To The Order Of MINNIE JOHNSON

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION.
PLEASE CONTACT CHASE TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THIS ITEM.

282111107 NEW 01/08 8810004306

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

CASHIER'S CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK



9884602678 25-3
440

Date 12/15/2009

Remitter MONITRONICS INTERNATIONAL INC

Pay: TWO THOUSAND FIVE HUNDRED DOLLARS AND 00 CENTS

\$ *****2,500.00 ***

Pay To The Order Of MINNIE JOHNSON

Drawer: JPMORGAN CHASE BANK, N.A.

Michael Andrews

Senior Vice President
JPMorgan Chase Bank, N.A.
Columbus, OH



9884602678 044000037 758661375

Detailed Results

[Printable Version](#)[Help](#)

Enter tracking number

Detailed Results

Notifications

Tracking no.: 793104067829

 [E-mail notifications](#)

Delivered

Initiated Picked up In transit Delivered

Delivered

Signed for by: M.JOHNSON

Shipment Dates

Destination

Ship date ② Dec 15, 2009

MILWAUKEE, WI

Delivery date ② Dec 16, 2009 8:35 AM

Signature Proof of Delivery ②

Shipment Facts

[Help](#)

Service type

Priority Envelope - Direct Signature
Required ②

Delivered to

Residence

Weight

0.5 lbs/0.2 kg

Department number

05

Shipment Travel History

[Help](#)Select time zone: [Select](#)Select time format: [12H](#) | [24H](#)

All shipment travel activity is displayed in local time for the location

Date/Time	Activity	Location	Details
Dec 16, 2009 8:35 AM	Delivered	MILWAUKEE, WI	
Dec 16, 2009 7:48 AM	On FedEx vehicle for delivery	MILWAUKEE, WI	
Dec 16, 2009 6:53 AM	At local FedEx facility	MILWAUKEE, WI	
Dec 16, 2009 5:43 AM	At dest sort facility	MILWAUKEE, WI	
Dec 16, 2009 4:21 AM	Departed FedEx location	MEMPHIS, TN	
Dec 15, 2009 11:04 PM	Arrived at FedEx location	MEMPHIS, TN	
Dec 15, 2009 7:27 PM	Left FedEx origin facility	ADDISON, TX	
Dec 15, 2009 7:10 PM	Picked up	ADDISON, TX	
Dec 15, 2009 3:54 PM	Shipment information sent to FedEx		



November 25, 2009

State of Wisconsin
Department of Agriculture, Trade
And Consumer Protection
2811 Agriculture Drive
P. O. Box 8911
Madison, WI 53708-8911

Attention: Karl A. Lawrenz

RE: File Number 496591, Minnie Johnson
Customer Number 29900941
Correspondence Number 27217

Dear Mr. Lawrenz:

Please allow this letter to serve that your correspondence dated October 28, 2009, was forwarded to Monitronics Executive Response Department, and I have been asked to assist in resolving Ms. Johnson's concerns.

Please allow me to extend an apology on Monitronics behalf for the inconvenience that Ms. Johnson encountered while attempting to address her concerns. We are committed to providing exceptional customer service, and I assure you that their experience is not indicative of the quality standards we strive to achieve. Please be assured that this matter has been forwarded to the appropriate management in an endeavor to improve on our performance.

Monitronics is a central station responsible for dispatching proper authorities based on signals received from monitored security systems. We do not sell or install alarm systems. We purchase existing contracts from a network of authorized dealer. Please review the "Assignment" clause of the enclosed contract.

At her request, I have processed Ms. Johnson's account for cancellation and she may accept this notice as formal confirmation. Our cancellation procedures may take up to 30 days to finalize; therefore, she may disregard further billing statements or past due notices. Additionally, a \$197.73 credit has been applied to her account to negate the balance. The account reflects a zero balance. Ms. Johnson has no further financial and/or contractual obligation to Monitronics.

At Monitronics, our goal is to provide our subscribers with the fast, efficient service that they expect and deserve. We sincerely apologize if we have fallen short of this goal in any way. If I may provide further assistance regarding this matter, please contact me toll-free at 1-888-758-5900, ext. 3131. I am available Monday through Friday from 8:30 a.m. to 5 p.m., Central Standard Time.

Sincerely,

Lisa Jackson
Executive Response Department