

STATE OF WISCONSIN

CIRCUIT COURT
BRANCH

MILWAUKEE COUNTY

STATE OF WISCONSIN
17 West Main Street
Post Office Box 7857
Madison, Wisconsin 53707-7857,

and

PETER J. BILDSTEN, SECRETARY,
WISCONSIN DEPARTMENT OF
FINANCIAL INSTITUTIONS,
354 West Washington
Madison, Wisconsin 53703,

Case No. 12-CX- 6

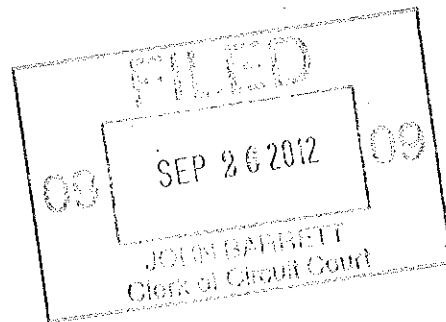
Complex Forfeitures: 30109

Plaintiffs,

v.

PINNACLE SECURITY, LLC,
a Utah limited liability company,
1290 Sandhill Road
Orem, Utah 85048-7306,

Defendant.



CONSENT JUDGMENT

The State of Wisconsin and the Wisconsin Department of Financial Institutions, Plaintiffs, and Pinnacle Security, LLC (hereinafter "Pinnacle"), Defendant, having executed the Stipulation for Consent Judgment attached hereto, and the Court having reviewed the file herein, **NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:**

I. JURISDICTION

1. That said Stipulation for Consent Judgment attached hereto is approved and made part of this Consent Judgment.

2. That this Court has jurisdiction over Pinnacle and over the subject matter of this action. Pinnacle is a Utah limited liability company with its principal place of business at 1290 Sandhill Road, Orem, Utah 85048-7306, and is engaged in the business of selling and installing alarm security systems.

II. INJUNCTIVE RELIEF

3. Effective immediately upon execution by Defendant of this Consent Judgment, Defendant agrees to adhere to each of the following requirements:

a. Defendant's salespeople shall not make any false or misleading statement, including but not limited to the following:

- i. That the consumer's current alarm system company was bankrupt and/or affiliated with Pinnacle, when in fact neither was true;
- ii. That consumers would only pay for installation of the alarm equipment and not the monitoring service;
- iii. That customers will get a discount on products or services if they agree to put a sign in their front yard, or otherwise advertise for Defendant, when such statements are not true; and
- iv. That either the police or emergency personnel will initially respond in person to an alarm, when such statement is not true.

b. Defendant's salespeople shall not make any oral modifications to contracts, oral promises, or other representations to the person being solicited that are not set forth in the written contract.

c. Defendant shall provide the attached addendum to all Milwaukee customers, explaining the City of Milwaukee Public Ordinance 105-75-11 "Prohibited Systems" and its effect on Milwaukee customers.

d. Defendant shall not install the alarm system before receiving a signed contract. If Defendant installs a system prior to the expiration of a customer's three-day

removed from collections, and Defendant shall take action to remove any negative information from customers' credit reports.

d. Wisconsin consumer complaints. To the extent a complainant's complaint is related to requests to cancel (categories a. and b., above), the customers shall be refunded fees paid after the date of the request to cancel, if it can be determined, or the date of the complaint. For complainants whose complaints are unrelated to categories a, and b and whose subject matter are otherwise covered by the injunctive relief described herein, Defendant shall offer the consumer, if a current customer, the right to cancel without any further charges.

e. Each customer entitled to restitution or relief pursuant to paragraph 4. a., b., c, or d. shall provide a release to Pinnacle releasing Pinnacle from any legal claims that could be asserted by the customer against Pinnacle relating to the facts alleged in the State of Wisconsin's Complaint against Pinnacle.

5. Pinnacle shall seek approval from the State of Wisconsin with regard to the language of all customer communications relating to the refunds or offers of refund outlined in paragraph 4 above. The restitution process shall proceed as follows:

a. Within thirty (30) days of the date of this Consent Judgment, Pinnacle shall notify the customers, by first class mail, that they are entitled to a refund and/or cancellation pursuant to the provisions outlined in paragraph 4 above.

b. The notice/claim form shall indicate the amount of refund, if any, and provide the customer with a claim form to return and accept the amount of refund. The notice shall indicate a deadline date of three weeks from the date the letter was mailed by which the claim must be returned. The notice shall include the toll-free number for the

Wisconsin Department of Justice, Office of Consumer Protection. The mailing shall include a postage-paid return envelope.

c. Within thirty (30) days of the first mailing, Pinnacle shall provide the State of Wisconsin the names of those customers whose correspondence was undeliverable and/or returned.

d. Within thirty (30) days of receipt of those names, the State of Wisconsin will provide Pinnacle updated customer contact information.

e. Within thirty (30) days of receipt of the updated customer contact information, Pinnacle shall attempt to contact those customers a second time.

f. Within thirty (30) days of receipt of the customer's claim form, Pinnacle shall issue and mail a refund check to each customer who returned a completed claim form.

g. Pinnacle shall immediately notify the Wisconsin Department of Justice of any checks that are returned, providing the Department with an opportunity to obtain a current address for the customer.

6. Within one hundred and twenty (120) days of the date of this Consent Judgment, Pinnacle will provide a full report to the Wisconsin Department of Justice, Consumer Protection and Antitrust Unit, 17 West Main Street, P.O. Box 7857, Madison, Wisconsin 53707 regarding refunds made and/or offered, and the amount of undelivered refunds shall be paid to the Wisconsin Department of Justice, which will undertake further efforts to provide restitution and/or utilize the funds to reimburse cost and attorneys fees. The report should also identify all consumers removed from collections, including amount forgiven and actions taken to rectify any negative credit reporting.

IV. MONETARY JUDGMENT

7. Judgment shall be entered against Pinnacle Security, LLC, (hereinafter "Defendant") in the total amount of \$40,000.00, as follows:

8. Defendant shall pay \$25,000.00 for forfeitures, penalties, and surcharges for the following:

- a. Civil forfeitures of \$16,361.18 pursuant to Wis. Stat. § 100.26(4) and (6);
- b. A penalty surcharge of \$4,253.91 pursuant to Wis. Stat. § 757.05;
- c. A consumer protection surcharge of \$4,090.30 pursuant to Wis. Stat. § 100.261;
- d. A court fee of \$25.00 pursuant to Wis. Stat. § 814.63(1);
- e. A court support services surcharge of \$68.00 pursuant to Wis. Stat. § 814.85(1)(a);
- f. A justice information system surcharge of \$21.50 pursuant to Wis. Stat. § 814.86(1) and a special prosecution clerk's surcharge for Milwaukee County of \$3.50;
- g. A jail surcharge of \$163.61 pursuant to Wis. Stat. § 302.46(1); and
- h. A crime laboratories and drug enforcement surcharge of \$13.00 pursuant to Wis. Stat. § 165.755.

9. Defendant shall pay \$15,000.00 to the Wisconsin Department of Justice to be used for attorneys fees and investigative and litigation costs pursuant to Wis. Stat. §§ 100.263 and 93.02.

10. Defendant shall pay the Judgment no later than September 20, 2012, by check in the amount of \$25,000.00 payable to the Milwaukee County Clerk of Court and by check in the amount of \$15,000.00 payable to the Wisconsin Department of Justice to be delivered to

Assistant Attorney General Lara Sutherlin, Wisconsin Department of Justice,
17 West Main Street, Post Office Box 7857, Madison, Wisconsin 53707-7857.

V. RELEASE

11. Neither Defendant nor anyone acting on its behalf shall state or imply, or cause to be stated or implied, that the State of Wisconsin has approved, sanctioned or authorized any practice, act, advertisement or conduct of Defendant. The State's decision to settle this matter or to otherwise unilaterally limit current or future enforcement action does not constitute approval or imply authorization for any past, present, or future business practice.

12. The State of Wisconsin hereby releases and forever discharges Defendant, including its members, shareholders, officers, agents, employees, affiliates, parent corporations, successors, assigns, attorneys, and insurers, and all other persons, firms or corporations, from any and all claims set forth in the State's complaint, as well as any other claims arising out of the facts set forth in the State's complaint, that could have been brought as of the date this Consent Judgment is entered.

VI. MISCELLANEOUS

13. Upon proper notice, any party may apply to the court, which shall retain jurisdiction, for such further orders as may be necessary or appropriate for the enforcement of the judgment.

14. If the State finds that Defendant failed to disclose material information, or made any other material misrepresentation or omission of facts relevant to the resolution of the State's investigation, the State retains the right to seek modification of this Consent Judgment upon proper written notice to Defendant.

15. Defendant agrees to distribute executed copies of this Consent Judgment to every officer, employee, assignee, and agent of Defendant involved directly in its business in the state of Wisconsin within thirty (30) days of entry of this Consent Judgment.

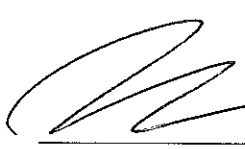
16. It is further agreed and understood that, while the parties to this Consent Judgment presently intend to cooperate in securing and obtaining compliance with the terms of this Consent Judgment, the matters settled by the filing of this Consent Judgment may be reopened by the Attorney General of Wisconsin if necessary for the purpose of enforcing the specific terms of this Consent Judgment.

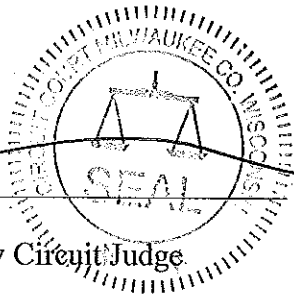
17. This Judgment shall not be modified in any respect except by a writing executed by all the parties hereto.

18. All terms of this Judgment shall be governed by and interpreted according to the substantive laws of the State of Wisconsin without regard to its choice of law or conflict of laws principles.

19. This Consent Judgment is not intended for use by any third party in any other proceeding and is not intended, and should not be construed, as an admission of liability by Pinnacle.

Dated this 26th ^{September} day of ~~August~~, 2012.


The Honorable
Milwaukee County Circuit Judge



**ADDENDUM A: ENHANCED VERIFICATION AS REQUIRED UNDER
MILWAUKEE PUBLIC SAFETY ORDINANCE 105-75:**

Pursuant to Milwaukee Public Safety Ordinance 105-75, if your monitored location is in Milwaukee, Wisconsin and your burglary alarm is activated, the company monitoring your alarm must first have a private first responder service verify that a cause for alarm exists at your premises before notifying the police department. This notice is also included in Section 8 of the your Agreement and states:

ENHANCED VERIFICATION; PRIVATE RESPONSE SERVICE – Customer understands that existing and future local laws, ordinances and policies (collectively “Policies”) may restrict Dealer’s and its Subcontractor’s ability to provide the Services. Some Policies require “enhanced verification,” which may, for example, require the central station to make a series of calls to confirm an alarm event requires police response before the police will respond. Some Policies require “private response service,” which may require the central station to confirm through a private service that an alarm event requires police response before the police will respond. Customer agrees that Dealer and the central station are obligated to comply with such Policies. Accordingly, Customer understands that in the event an alarm signal registers at a central station, the central station, at its sole discretion, may endeavor to contact the Monitored Location and/or the Customer’s designated representative(s) by telephone to verify that the alarm is not false. Where private response service is provided under this Agreement, Dealer has entered into a separate agreement with a private response service provider (Private Response Service”) to dispatch an individual in the event of specific alarm events. Dealer, the central station and any Private Response Service shall not be liable for failure to perform hereunder due to acts of God, fire, strikes, work stoppages, restrictions imposed by government agencies, war, riot, terrorism, or any other cause beyond the control of Dealer, the central station or Private Response Service, as the case may be. Private Response Service may be terminated or substituted at any time at the option of Dealer or the central station. Customer understands that Dealer and any Private Response Service will not arrest or detain any person. Should Dealer implement enhance verification in the absence of Policies, Customer shall be given not less than thirty (30) days notice of same along with the opportunity to either refuse or terminate this Agreement.