



Telemarketing Policy

Recent government regulations have redefined most business practices that we engage in as telemarketing practices. Since McDaniels seeks to honor the spirit and letter of the law, and seeks to respect the privacy our Clients, we have adopted a formal policy governing aspects of telemarketing as they relate to our company. Keep in mind that these regulations are constantly being updated and refined in the courts and in government agencies, and are subject to change at any time.

Executive Summary

1. All McDaniels Associates are prohibited from initiating a telephone solicitation to anyone registered on the National Do Not Call Registry, with limited exceptions.
2. All McDaniels Associates share in the responsibility to maintain and honor our internal Do Not Call Registry.
3. All McDaniels Associates are prohibited from initiating a telephone solicitation at any time other than 8AM to 9PM, local time. (Local is defined as the time Zone where the call will be answered.)
4. McDaniels must make no attempt to block our Caller ID information.
5. All McDaniels Associates are prohibited from sending unsolicited fax advertisements to individuals or businesses unless you have prior express permission.
6. Any faxes sent under the above exemption must include our business name, fax telephone number, date and time.
7. McDaniels is prohibited from initiating calls using autodialers or prerecorded messages.
8. McDaniels' Associates are prohibited from abandoning phone calls

Violations of any of the above laws can result in State Court fines of \$500 for each violation, and can be tripled if the Court finds the violations to be willful or knowing. Further the Federal Communications Commission (FCC) can invoke an additional \$11,000 fine per violation in addition to the above fines.

Telemarketing is broadly defined by the Federal Trade Commission as “a plan, program, or campaign which is conducted to induce the purchase of good or services...using one or more telephones.” The inducement can be made during the call or it could be in the form of setting up a face-to-face meeting at which an additional sales presentation could take place. Telemarketing can occur regardless of whom initiates the phone call. Clearly, this broad interpretation includes setting service appointments and discussing virtually any component of a vehicle transaction.

The Laws In Detail

1. All McDaniels Associates are prohibited from initiating a telephone solicitation to anyone registered on the National Do Not Call Registry, with limited exceptions.

The Dealership shall designate the Chief Operating Officer (Rob McDaniels), or his assign, to register with the national Do Not Call Registry for the purpose of obtaining the Do Not Call Registry for all area codes in the State of South Carolina. This person, hereafter designated the Telemarketing Compliance Officer, shall update the Dealership copy of the National Registry at least every 30 days. The person should keep a written record that this has been done. Copies of the list should be made available to all personnel who may reasonably be involved in telemarketing activities, including but not limited to Sales Consultants, Service Advisors, Parts Advisors and all members of Management. Management should also receive an electronic copy of the list to store on their computers. All personnel should be aware that it is a violation of federal law to use this list in any way other than to comply with the intent of the National Do Not Call Registry. Virtually any call we make, including surveying may be interpreted as pretexting or attempting to establish a business relationship, and therefore be defined as telemarketing under the federal guidelines.

There are three important exemptions in this rule. This rule does not apply to consumers from or with whom:

- (i) McDaniels has received **prior express permission** to receive such calls;
- (ii) McDaniels has an **established business relationship**; or
- (iii) The caller has a **personal relationship**.

Prior Express Permission

This must be evidenced by a signed, written agreement between McDaniels and the consumer which states that the consumer agrees to be contacted by and includes the phone numbers to which the call may be placed. The consumer's consent must be clear and conspicuous, and "not buried in the fine print of a document were the consumer might not notice it." This prior express permission is valid until the consumer asks to be placed on you Company Specific Do Not Call List.

It is illegal to call consumers to request their written permission to receive telemarketing calls from McDaniels. Prior Express Permission must be obtained either directly (face to face) or by mail. While the law allows electronic transmission of prior express permission via email, it must be accompanied by an electronic signature, technology which McDaniels currently does not employ. Therefore, electronic authorization is not currently accepted by McDaniels.

Established Business Relationship

This occurs if a consumer has purchased, leased, rented or entered into a transaction with McDaniels within 18 months immediately preceding the date of a telemarketing call. While the law states the relationship limit runs from the date of the last payment, more

recent interpretations have found this only to be true if McDaniels does not 'sell' the loan or lease. Thus, McDaniels interprets this provision as tied to the actual date of the sale.

Please note that the relationship is renewed for an additional 18 months if the consumer enters into one the above transactions with any department of the Dealership.

An Established Business Relationship is also triggered by a consumer inquiry or application regarding a product or service offered by McDaniels within 3 months immediately preceding the telemarketing call. The nature of an inquiry must be such as to 'create an expectation on the part of the consumer that a particular company will call them.' The inquiry must be more substantial than our location or business hours. **There must be documented, archived paperwork if McDaniels relies on this provision containing at a minimum the consumers name, date an time of inquiry, the dealership product or service inquired about, the number authorized to call, and any other supporting information.** Management and the compliance officer should periodically check records to assure proper records are kept for a minimum of 24 months of all relationships falling under this exemption.

Please note that the relationship is renewed for an additional 3 months if the consumer makes additional inquiries with any department of the Dealership.

Personal Relationships

Personal relationship exemptions are defined as friends and family such that a reasonable consumer would expect calls because they have a close, firsthand relationship. Note that referrals given to you by family or friends are not included in this exemption. Note that in this provision, the FCC notes that individuals will be subject to prosecution for abusing this exemption. Again documented archived records must be kept if relying on this provision. Further, this provision is not recognized by the FTC for interstate calls. So, it is a violation of Federal law to call someone on the do not call list for the purposes of telemarketing even if they are related to you!

Other Exemptions

None. The FCC specifically opted-in calls made by small businesses, calls made to set appointments and call made by businesses whose primary purpose is not telemarketing.

All of the above exemptions are nullified if the consumer asks to be placed on the Company Specific Do Not Call List (CSDNCL or McDaniels DNCL) (See #2). McDaniels does not maintain a departmental specific DNCL. If a consumer opts out, they completely opt out of all telemarketing contact from the dealership. All Associates are responsible for directing CSDNCL requests either to their Department Manager or to a company specified voice mail box. The Telemarketing Compliance Officer will update the CSDNCL every month.

One final word: because of the overwhelming quantity of numbers on the National Do Not Call List, Associates should assume that on any call they make, particularly a call to an individual, the phone number is on the Registry. The Associate should

verify that the number is not on the list before proceeding. For example, in South Carolina alone, around 1,500,000 numbers are currently on the list.

2. *All McDaniels Associates share in the responsibility to maintain our internal Do Not Call Registry.*

The Telemarketing Compliance Officer shall establish an internal Do Not Call List in Microsoft EXCEL™ format, and will distribute the Call list in tandem with the updated National Do Not Call List. The internal Do Not Call list will be available on our internal website at <http://www.mcdanielsag.com> under the 'Policies' header. The Chief Operating Officer or his assign will update this list as needed. Associates must scrub this list before initiating any call that can be defined as telemarketing under federal or state guidelines. Part of adherence to the federal laws includes this written policy. All Associates should attend a training seminar and be given this document prior to beginning work. The Employment Coordinator should also obtain a signature from new Associates affirming they have been given a copy of this policy, that it has been reviewed with them, and all questions they have been satisfactorily answered. Further, at least once a year at Associates annual reviews, management and the Telemarketing Compliance Officer should review this policy with all Associates of the Company, and obtain their signature that they fully understand the policy. Management and the Telemarketing Compliance Officer shall be responsible for initial training of all Associates on or before September 30, 2003 so that the Company will be in compliance with the law, which begins October 1, 2003. Breaches of Company policy with regards to Telemarketing or violations of federal or state laws will trigger either a documented immediate retaining of the Associate on the companies Telemarketing Policy (documentation to be stored in Associate's personnel file), suspension, termination or other sanctions. Associates should be aware that in certain circumstances they can be held civilly and criminally liable for violations of the regulations.

Policy for Recording Company Specific Do Not Call List (McDaniels Do Not Call List)

All Associates are responsible for courteously and efficiently facilitating consumers requests to be placed our Company Specific Do Not Call List (as are parties acting on our behalf). The following is the order of preference for a consumer to request to be placed on this list.

- Consumer should mail to the Company specific address a request with the 'ATTENTION' line marked 'Telemarketing Compliance Officer'. Consumer should date their request and include all phone numbers they wish to be on the list.
- Consumer should email their request to remove@mcdanielsag.com with numbers they would like to have included on the list.
- Consumer should be transferred to a Manager to note request. Manager should then fill out an internal document or leave a voice mail/email for the Telemarketing Compliance Officer (TCO) to add number to the list.

- Consumer should be transferred to the designated Operator/Receptionist who should then fill out an internal document or leave a voice mail/email for the TCO to add number to the list.
- Note all mail marked Telemarketing Compliance Officer should expeditiously be forwarded to that party.

The TCO shall, within a reasonable period of time not to exceed 30 days, add consumer's request numbers to the McDaniels Do Not Call List and include it in the next distribution to Associates and or post it to our internal website. All requests should be kept for a minimum of 5 years, or until the Client gives written permission to be excluded from the list.

Please note: a consumer's oral or written request to any member of the McDaniels organization terminates the existing business relationship exemption, even if the consumer continues to do business with the Company. This is why it is imperative that we give the Consumer accurate information on how to exclude their phone numbers.

3. *All McDaniels Associates are prohibited from initiating a telephone solicitation at any time other than 8AM to 9PM, local time (Local is defined as the time Zone where the call will be answered.), regardless of status of Do Not Call List.*

This applies in particular to the parts and service departments. Regardless of instructions or requests by Clients to call outside the permissible time, you are not authorized to do so. You are not authorized to make calls on the Company's behalf from cell phones, home phones or other locations that would run counter to this provision. All Associates should be particularly mindful of their target calling area, especially in the mornings. If a Sales Consultant receives a phone up from California at 10AM and the Client asks the Consultant to call him back with information, the FTC explicitly says the Consultant is not allowed to call the consumer back before 11AM (Eastern Time), regardless of the consumer's request or existing business relationship. The regulations do permit the consumer to call back for the information.

4. *McDaniels must make no attempt to block our Caller ID information.*

Management should be careful to insure that all telephone service includes our Caller ID information. Associates should never dial special prefixes to attempt to block our Caller ID, nor should they intentionally use other phones in an attempt to deceive consumers about the nature of any telemarketing call.

5. *All McDaniels Associates are prohibited from sending unsolicited fax advertisements to individuals or businesses unless you have prior express permission. This prohibition includes blast emails, unless specifically approved by the Chief Operating Officer or Dealer Principal.*

An unsolicited advertisement is defined as "any material advertising the commercial availability or quality or any property, goods, or services which is transmitted to any

person without that person's prior express invitation or permission." A partial list of items in the dealership that could be covered by this definition includes, but is certainly not limited to, service menus, quotes sheets, purchase agreements, trade appraisals, parts estimates, copies of advertisements, inventory lists, credit applications, etc.

McDaniels and the federal statutes define prior express invitation or permission as being "in writing and include the person's signature." Further the person must clearly indicate that he or she consents to receiving such faxed advertisement from McDaniels and the person (consumer) must provide the fax number to which faxes can be sent. McDaniels cannot have a preformatted sheet for the consumer to fill out since faxing it to them to fill out would, effectively, be a violation of the code. All elements must be on the authorization the consumer sends us.

6. *Any faxes sent under the above exemption must include our business name, fax telephone number, date and time.*

The Telemarketing Compliance Officer shall inspect all Company-owned fax machines before September 30, 2003 to make sure they include the company's name, the fax machine's phone number, and the date and time. The Telemarketing Compliance Officer and all members of management should periodically, but at least semi-annually, inspect all fax machines to make sure they are transmitting this information. Federal regulations require the corporate name appear on the faxes, dba are optional. If the fax machines are unable to transmit this information, those machines must either be retired or set to receive faxes only; no outgoing faxes are permitted.

McDaniels Associates are prohibited from employing 'fax broadcasters' or in any manner attempting blast faxing. Any computer driven fax software should be disabled or not used. All faxes should be done through conventional fax machines.

7. *McDaniels is prohibited from initiating calls using autodialers or prerecorded messages.*

This prohibition extends to any outside vendors the Company may employ.

8. *McDaniels Associates are prohibited from abandoning phone calls.*

If a McDaniels' Associate make a phone call, they should not in any way place the call on hold in such a manner that when the recipient of the call answers, there is no one on our end of the call.

Telemarketing Compliance Officer.

Among other duties, he shall register McDaniels Companies so as to access the National Do Not Call Registry.

Upsell

All McDaniels Associates should avoid ‘upselling’ in any phone call as defined by either the FCC or FTC.

FAQ

Q. Can guests (non-employees) use our phones or faxes to conduct their business.

A. No, guests may no longer use our telecommunications equipment except in cases of dire emergency since the Dealership responsible should their calls fall into FTC or FCC regulations. Associates should monitor emergency calls to verify they are in compliance with federal and company guidelines.

Q. Can Sales Consultants continue to follow up with their Clients.

A. Only if their Client has not requested to be placed on the McDaniels Do Not Call List. You may not call them under any circumstances if they are on this list, including for recall notification or telemarketing activity which could result in an appointment where there is any attempt to sell or upsell them any good or service. If they are not on the McDaniels Do Not Call List, you should cross check their phone numbers against the national Do Not Call List. If the number is not on this list, you are free to call between the hours of 8AM and 9PM, local receiving time. If the number is on the list, you may only call if you have documented evidence that they purchased a product or service from McDaniels in the last 18 months, or you have documented evidence that they made an inquiry for information in the past 3 months. Lastly, you may call if you have a written, signed prior express permission document from the consumer that has not been superceded by a request to be placed on the McDaniels Do Not Call List.

Q. How does this effect wholesale body or mechanical orders?

A. Not much as long as we avoid fax advertisements and autodialers. Don’t be lulled into complacency in dealing with other businesses though since the parts department regularly receives call from individuals.

Q. How long can a Sales Consultant follow-up with prospects.

A. If they request not to be called, you can never call them or must immediately stop calling them. Otherwise, there is a 90 day window from their inquiry, either in person or on the phone, which you can follow-up. Should the Consumer call you at any time requesting more information, that resets the 90 day clock.

Q. Can I call Clients I sold from previous job?

A. If the Client is on the National Do Not Call List, absolutely not regardless of your business relationship. McDaniels’ Policy assumes all numbers are on the NDNCL without specific proof otherwise, so Consultants may scrub their list against the NDNCL and McDaniels’ DNCL. McDaniels requires affirmative proof that the number is not restricted.

As with all McDaniels’ Policies, questions or ideas for improvement are welcomed and encouraged.