

Reference Michael Olenick Memo Dated July 17,2003

1. General problems with the Agreement are:
 - a. There is not a stipulation to notify customers by posting a notice in the local newspaper. With Florida residents being somewhat transient, it may be difficult to reach the affected customers using the U.S. Mail.
 - b. There does not appear to be an admittance of guilt.
 - c. Consumers have very little information with which to make an informed decision and only thirty days to respond.
 - d. Many customers never received copies of the policies and procedures referenced in the memo and may not know they qualify. It is unclear as to which, if any, of the referenced products the customer may have purchased. If the customer was not aware they had the products, then they may assume they do not qualify and discard the letter.

2. Page 1 paragraph 1
 - a. The phrase “you purchased” may be misleading because some of the products were placed in the customer’s deal without their knowledge
 - b. Many of the warranties added to the customer’s transactions were worthless because they had terms that were shorter than the factory warranty. The factory warranty was the Primary warranty, so the customer would not have been able to use the added warranty. So, what value did the customer receive for \$630.00.
 - c. The Notice does not go into detail on the products. They do not mention that the service covers six oil changes and, if the customer missed a scheduled oil change, then they would lose it. In addition, these warranties do not always agree with the servicing periods recommended in the owner’s manual and that the customer is responsible for scheduling additional oil changes or servicing to maintain the factory warranty. They also fail to mention that this product is included in the Extended Service Contract and not disclosed to the customer.
 - d. Does it make sense that a rational buyer would pay \$1,000 plus tax and interest for a policy that paid out \$1,000? The answer is that they did not know they were buying the product or, if they did, then they did not understand what the product was. If they didn’t know they had it and it wasn’t on the bank contract, then they would not know to make a claim against it if their vehicle was stolen.

3. Page 2 paragraph 1
 - a. How can a customer make an informed decision without having all of the information.
4. Page 2 paragraph 2
 - a. The sentence beginning with “In addition” is designed to instill a sense of fear in the customer that they will be left without a needed product that they probably don’t understand they were overcharged on to begin with. In addition, the Notice does not offer the customer an opportunity to refund the customer the amount over and above what would be reasonable and customary prices for the services they were overcharged on. For example, the customer paid \$1,000 for Etch. However, he could have purchased it for \$100. Therefore, the customer could have been offered a \$900 refund and still kept the product.
 - b. This paragraph implies that, even if the customer qualifies, that the refund would go to their lender and not to them. The last sentence is pure intimidation. No one likes to have anything cancelled. In fact, most under-informed customers may prefer having coverage on products they do not understand as opposed to having no coverage at all. This is especially true with the elderly.
5. Page 2 paragraph 3
 - a. The Notice implores the customer to understand before acting but they do not give the customer enough information to do that. Even if the customer wanted to understand the products, they would first have to find out where and how to get documentation on them, and the deadline would not give them time to do that. Moreover, by stating the customer may not be able to purchase replacement coverage at a comparable price, Mr Olenick is simply trying to scare the customer into not acting. An informed customer would clearly see that all of the products were purchased at grossly inflated prices and are readily available in the market.
6. Page 2 paragraph 4
 - a. Florida is a State where the population is both transient and mobile. By using a time-sensitive Notice distributed through the U.S. Mail, Mr. Olenick is trying to minimize the response, knowing that the majority of customers would not receive it, would discard it as junk mail, or would receive it and not have enough time to react to it.