

# TRANSWORLD SYSTEMS INC.

## Agent Guide



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**WE GET CASH FLOWING.**

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# Ethical Sales Practice Guidelines

As an independent Transworld Systems Inc. ("TSI") sales agent ("agent" or "you"), you have certain legal, ethical and professional responsibilities to fulfill every day and with every customer. Every customer has unique needs, but by maintaining a structured and consistent ethical approach in servicing your customers and prospects you are much more likely to be successful in the long-term.

## Before You Make a Sales Call or Schedule a Meeting with a Customer

Do your homework. Educate yourself about your responsibilities as a professional and make doing business the right way a priority.

Offer only products that you are authorized to distribute. Make sure you are properly licensed and appointed in the right state(s). Some states require special licensing or registration before an agent may sell TSI's Services.

Do not use professional designations that indicate or imply that you have special certification or training in such a way that it may mislead individuals or companies.

Know your product and only offer products where you have sufficient knowledge, training and experience.

## When Meeting a Customer or Prospect

Properly identify yourself as an independent sales agent and your affiliation with TSI.

## Know the Customer

Knowing who your customer is and their needs is important. You should always follow a thorough fact-finding and needs-analysis process to understand the customer's needs, goals, and objectives.

## Presentations and Proposals

Put the needs of the customer first. Base any recommendations on the customer's circumstances and objectives and maintain notes and other documentation supporting your recommendation(s).

Use only TSI approved sales material.

Use words, terms, and symbols that accurately describe the features, benefits and limitations of TSI's Services. Avoid incomplete, misleading statements, or prohibited words.

Disclose all relevant information about a product or service that you recommend accurately and comprehensively.

Explain a product's features, benefits, fees, limitations, and any charges in a balanced and fair way.

Fully explain the hypothetical nature of any projections or illustrations. Point out their assumptions and limitations. Be sure to explain guaranteed and non-guaranteed elements. Do not imply a guarantee or a product feature unless it is specifically supported by TSI.

## During a Meeting

Reconfirm the customer's reason(s) for purchasing the product. Reconfirm the objective the Service addresses and the explicit need it satisfies. Provide the customer with a copy of any sales materials you present.

Make sure the customer carefully and thoroughly answers all questions on the application. If you must record answers, the best practice is to read each question to the customer out loud and make a note in your customer notes to this effect.

Always instruct the customer to make the check payable to TSI. Do not accept checks made payable to you or your company. Checks made payable to anyone other than TSI must be returned to the customer.

## Following Your Meeting

Promptly submit any orders for business to TSI.

Provide copies of the order forms and other documentation to the customer.

As a best practice, you should consider following up with the customer with a letter or communication thanking the customer for their purchase and restating the customer's reasons for buying the Services and the needs and objectives it helps meet.

Maintain a complete file for each customer.

Always try to respond to customers in a timely and professional manner. Provide any written complaints or grievances immediately to your District Sales Agent ("DSA") and/or TSI Compliance as soon as you receive them.

## Know Your Limits: Tax & Legal Advice

Offering tax or legal advice is beyond your scope as a TSI agent. TSI does not give tax or legal advice and you are not authorized to provide such advice on behalf of TSI. TSI always recommends that individuals consult a tax and/or legal specialist that can sufficiently understand a customer's unique tax or legal requirements.

# Privacy Regulations

## Protecting Financial Information

In November 1999, the Financial Services Modernization Act, also referred to as the Gramm-Leach-Bliley Act (GLBA) became law. Title V of GLBA contains certain provisions ("Privacy provisions") that limit the way in which companies can use information they obtain from consumers. Enforcement of the Privacy Provisions is left to the "functional regulator" of the various financial institutions.

Nonpublic personal financial information is virtually any information—other than nonpublic personal health information— about a consumer that an agent obtains. For example, nonpublic personal financial information includes a consumer's gender, age, phone, and Social Security number, as well as information that more obviously seems "financial," such as information about a consumer's income, assets, or liabilities. All of the Privacy Provisions should be followed at all times.

## Protecting Health Information

The federal government protects consumers' health information under the Health Insurance Portability and Accountability Act (HIPAA). HIPAA's Privacy Rule became effective April 14, 2003. Under HIPAA, the Department of Health and Human Services (HHS) created guidelines to protect the confidentiality and security of Protected Health Information (PHI). HIPAA applies to medical providers and health plans and any individual or company that have access to the consumer's health information. All rules related to the operations governing PHI should be followed, including who may have access to medical information, how it may be obtained, and when it may be disclosed.

# Training and Education

Agents are expected to be adequately trained and educated throughout their careers. Training and education builds competency and allows you to help customers make informed buying decisions.

## Ethics and Compliance Training

Ethics and compliance training are two areas you cannot overlook. It is your responsibility to learn and understand the ethical principles, compliance laws and regulations, and the procedures related to the collections industry.

## Meeting and Training Standards

There are several ways you can meet ethical and compliance training standards. These include:

Reviewing and understanding the materials set forth in this guide.

Complete the online training curriculum related to ethics and compliance related to the debt collection industry.

## Product Training

Competent and professional agents are knowledgeable about the products and services they sell and must maintain a commitment to product training. While the degree and scope of training will vary by the markets you work in and the complexity of products you offer, there are a variety of sources you can draw upon. Keep in mind that knowing the product and pursuing product training is ultimately your responsibility.

## Information Security

### Customer Information Security Standards

("Customer Information") refers to information about individuals provided to TSI for collections. Confidential Customer Information includes, but is not limited to:

Name, address, phone number and age

Social security number or other identification number

Account numbers

Financial information, such as assets, debts and credit history

Health information including medical and prescriptions records

Other personal information such as driving record

Agents must only disclose, access or use confidential information for business purposes. The information can only be shared on a "need to know" basis.

### Physical Security Standards

Agents are required to follow these physical security standards:

Customer information must not be left unattended in offices, conference rooms, fax machines or printers.

Customer files, documents, or any other records/documents containing confidential information should be stored in locked file cabinets or desks when not in use, and in all cases, secured at the end of the business day. Visitors to an agency location should not be allowed to walk unescorted in areas where Customer information is easily accessible. Destroy unneeded documents: Agents are required to either shred the document or dispose of them in secure bins located in their respective office. Under no circumstance is confidential information to be discarded in recycle or trash bins. Lock down agency location at the close of business. Complete all information security training administered by the firm. Report gaps: Agents are required to report any failures in physical safeguards (e.g., broken locks, inadequate secure zones, etc. to his /her DSA).

### Electronic Records Security Standards

Certain states, such as New York, require an agent to annually certify that they are in compliance with the NY Cyber Security Requirements for Financial Services Companies or certify that they are exempt from such filing.

Agents are required to be knowledgeable about, and comply with, all applicable state requirements related to the safeguarding of electronic information and cyber security requirements in the states in which they do business. At a minimum, Agents must follow the following electronic records security standards:

PCs with access to Customer Information should not, as a general practice, be left unattended, or in the alternative, screen savers/sleep mode should incorporate password protection.

Customer Information should never be downloaded, maintained or saved to your PC.

Password protections for access to PCs must be implemented. Agents should use passwords that are not easy-to-guess, avoid divulging passwords to other parties, and store passwords in a secure location.

Encryption tools must be used when emailing confidential information to the customer

### Agent Security Standards

Agents must limit access to Customer Information to only those agents/associates that require access to the information to either customer support, Operations or Compliance.

Agents are prohibited from disclosing Customer Information over the phone or in response to an email unless they identified the person to whom they are communicating as the customer or fiduciary representative of the customer.

Agents must only disclose information that is necessary. Generally, that means only disclose information that is required to perform the business operation.

### Reporting Data Breaches

TSI requires that its agents report any data breaches as they may cause damage to the firm, they may harm customers, and many states require customers be notified of data breaches that may expose them to identity theft and other risks. It is very important all potential data breaches be reported to agent's DSA and TSI Compliance immediately.

## Quick Reference Do's and Don'ts

### Do's

- Use only sales material provided or approved by TSI. All sales material must be reviewed and approved by the TSI Marketing/Compliance Department prior to use.
- Sell business only in states where you are properly licensed and appointed.
- Verify that all information on the order form is correct.
- Maintain complete customer files.
- Document and report customer complaints immediately to the TSI -Compliance Department.
- Educate yourself about state market conduct rules and regulations.
- Keep all Customer Information confidential unless authorized by the customer to release.
- Protect customer confidentiality and security of personal information. Please remember that any email transmission which contains private Customer Information (whether in the email itself or in an attachment) must be sent and received using an encrypted email process.
- Immediately notify TSI Supervision and/or Compliance of all changes in your criminal history or of any involvement in a regulatory action.
- Complete all agent training and keep up to date on new product information provided by TSI.
- Cooperate fully with any investigation, audit, or inquiry being conducted by TSI.

### Don'ts

- Don't sign or modify/alter any document on behalf of a customer or other person under any circumstances, even if you have authorization from the customer.
- Don't have a customer or another person sign a blank or incomplete document.
- Don't endorse, deposit, cash, or otherwise negotiate any check drawn to TSI or any customer.
- Don't represent TSI in any manner before any governmental or self-regulatory authorities, including, but not limited to, state Licensing Departments, Attorney General's Office, or the Consumer Finance Protection Bureau.

- Don't modify or change the appearance of the contract, policy, account and/or company marketing materials.
- Don't accept cash, money orders, credit card checks, traveler's checks or starter checks with no printed account owner information.
- Don't use personal funds to pay a customer's invoices.
- Don't discuss or attempt to require or settle a complaint.
- Don't allow customers to make checks payable to you, your corporation, agency, or office staff.
- Don't use your personal or business address as the address for a customer or a customer's contract.
- Don't engage with any customers known to be involved with activities that threaten public order or safety.
- Don't use your TSI email account for personal business.

## Customer Funds

### Forms of Payments

TSI prohibits the acceptance of cash or monetary instruments from customers.

Acceptable forms of payment include:

- Customer check
- ACH
- Credit Card
- Bank/Cashier check

Unacceptable forms of payment include:

- Cash, travelers checks, money orders
- Checks drawn on non-US banks
- Agent's personal check
- Starter checks

## Advertising

It is important that you communicate with your customers (and prospective customers) in a truthful and accurate manner regarding any products or services that you may be discussing, recommending, or otherwise "soliciting." The words, actions, and presentation materials that you use help customers make informed buying decisions. TSI requires agents to obtain marketing approval prior to using material(s) for advertising purposes unless it has been expressly marked as being pre-approved.

## Guidelines for Creating Advertising Materials

At all times, advertising materials must be truthful and never mislead by fact, omission or implication, regardless of the medium used.

General Advertising Guidelines Include:

- Materials should be based on principles of fair dealing and good faith.
- Materials should be fair and balanced.
- Do not willfully omit material facts.
- Do not use false, exaggerated, unwarranted or promissory claims.
- Do not disparage any competitors, the products or business practices.
- Benefits provided by a rider should not be advertised with greater prominence than the products primary benefits.
- Do not provide tax or legal advice.

## Instructions for Advertising Review

All advertising submissions should be sent to the TSI Advertising Department. The preferable method is to use the following email address: TSIAdvertising@tsico.com Whenever possible, please use the PDF file format.

Please take the following steps when submitting your advertising materials to TSI.

- Complete and submit the TSI Agent Advertising Submission Form to TSIAdvertising@tsico.com. You only have to remember one email address to submit your form and item for review: You will receive an automatic reply when you submit an item for review letting you know that your request has been received.
  1. Each advertisement(s) must be submitted separately.
  2. If statistics and quotes are referenced in the material, provide us with a copy of the source documentation so that the information can be verified.
  3. If the advertising piece is in a foreign language, please provide a copy of the material in English as well. You are required to submit a certified attestation letter or email from a third party company that states that the English and the foreign language material states the same or very similar wording. The company that provides the attestation must provide translation as a service. Agents cannot provide the translation for the material(s).
- You will receive a final status email for your submission.
- Approvals for advertising material(s) expire in twelve (12) months, unless otherwise indicated.
- It is recommended that you save a copy of all approved advertising submissions to verify approval, if needed, and the tracking number.

## Advertising Requiring Review

All advertisements and sales materials must be sent to TSI for review and approval prior to use. This includes materials related to products, recruiting, etc. In addition, all sales contests must also be submitted for review and approval prior to launch.

## Approved Social Media Sites

The following is a list of approved social media websites:

- Facebook
- LinkedIn
- Monster
- MySpace
- Twitter
- YouTube (Very Restrictive)
- Instagram

## Protecting the TSI Brand and the Use of the TSI, Image or Logo

Every agent throughout North America is responsible for maintaining the superb reputation of TSI. Everything an Agent does create an impression in the mind of the public, our consumers, and future potential Agents. TSI Agents are independent contractors associated with TSI. Therefore, TSI Agents are only authorized to represent themselves as an associate member with TSI. This applies to both customer and recruiting communications.

## Anti-Money Laundering and the USA PATRIOT Act

Congress enacted the USA PATRIOT Act, which strengthened the anti-money laundering laws, particularly in the areas of enhanced due diligence for crimes by foreign nationals and foreign financial institutions.

### Money Laundering and Terrorist Financing Defined

Money laundering is the illegal conversion of criminal proceeds into seemingly legitimate funds or the use of legitimate earnings for illegal activity. Financial institutions are required to monitor accounts under the Bank Secrecy Act, the Money laundering Control Act of 1986, and the USA PATRIOT Act.

Terrorist financing involves the use of money, which may be lawfully obtained, to fund illegal activities. Because the transactions often have a legitimate origin and can involve small amounts of money, terrorist financing can be more difficult to identify than money laundering activities.

### Red Flags

While it is impossible to list every potential situation that may be deemed suspicious, the activities can be generally thought of as falling into two categories—customer information and customer activity. You should be aware of suspicious activity and report this activity to the company. Examples of suspicious activity include:

- The customer seems unusually concerned about providing, or seems reluctant to provide, company financial information.
- The customer is reluctant to provide routine information about identity, source of funds, business activities, and bank references that you would expect the customer to provide.
- Payments are made via multiple cash equivalents (i.e. money orders or cashier's checks).
- The customer is from, or has accounts in, a country or territory identified as non-cooperative by the Financial Action Task Force, which is an international organization made up of several countries, including the United States, dedicated to combating international money laundering.
- The customer is introduced by an overseas agent, affiliate, or other company that's based in a country known for drug trafficking, terrorism, or money laundering.
- The customer provides information that turns out to be false or suspicious—for example, the phone number provided by the customer is disconnected, or the business address is for a vacant building or an office space that seems inconsistent with the description of the business.
- The customer withholds information necessary to complete required order forms.
- The customer's appearance or demeanor is suspiciously unusual, or the customer is excessively nervous.
- The customer is named in news reports, or rumors circulate that the customer is engaged in illegal activities.
- The customer claims to be an agent (such as a lawyer or accountant) for someone else, but does not reveal the identity of the principal or permit you to speak to him or her.

### Awareness Alert

The Financial Action Task Force (FATF) and the Financial Crimes Enforcement network (FinCEN) have advised financial institutions and their agents, producers, distributors, and employees to scrutinize and be aware of possible suspicious activity for accounts domiciled in countries identified by the FATF as non-cooperative. The list of countries changes, but a current list can be obtained by visiting: [www.fatf-gafi.org](http://www.fatf-gafi.org) or [www.fincen.gov](http://www.fincen.gov).

### AML and Know Your Customer

Verification of identification is a section under the USA PATRIOT Act and requires that producers, agents distributors, and employees to "know your customer." At a minimum, be sure to request full identification of the customer, his/her business entities, and his/her source of funds. Also determine if product requests are in line with his/her business entities and his/ her source of funds.

## Willful Blindness

‘Willful blindness’ is a violation of the AML regulations. This means it’s against the law for you to “look the other way” if you know of, or reasonably should have known of, red flags indicating suspicious activity. As an agent, you have a legal duty to “know your customer,” detect such suspicious activity and report it.

## Handling Complaints and Other Special Customer Communications

If you receive a customer complaint, you must inform your DSA, TSI Compliance Department immediately (that same day). You should cooperate with the investigation and provide copies of any documents, explanations, or statements requested. You should never promise the customer a specific result and you should not argue with the customer.

TSI (where applicable) will investigate the complaint and respond to the customer.

Customers may contact you for a variety of reasons that could include: service requests, inquiries, questions, concerns, lack of understanding, or a serious grievance. It’s important to listen to customers carefully and provide prompt and effective service.

If you receive or become aware of an “CFPB complaint,” you must give it special handling. Under federal law, a complaint is defined as written or verbal communication primarily expressing a grievance. The customer might send the complaint to you, to TSI, or file it directly with the CFPB or other regulatory agency, or any combination of these. It might be sent or filed by the customer or by a representative or attorney for the customer. In any of these cases, if the communication is in writing and expresses primarily a grievance, it’s considered a complaint.

## Lawsuits and Policy Claims

Lawsuits or threatened lawsuits are not necessarily complaints. But, like complaints, they are serious communications that require your prompt handling. If you don’t handle them properly and promptly, they could lead to a complaint against you.

- Report lawsuits or threatened lawsuits immediately. Contact TSI on the same day and deliver a copy of any notice you’ve received.
- Once you become aware of a lawsuit or threatened lawsuit, do not comment on the case, its facts, or allegations to the customer, customer’s lawyer or representative, or any other third party—unless instructed otherwise. Above all, don’t argue with customers.
- Assist in getting information or documents requested by TSI when asked.

## Supervision

TSI is committed to maintaining ethical market conduct and sales practices. Guides, such as this agent guide are meant to provide guidance and suggestions for a variety of situations, but may not be able to address all possible situations that you as an agent may face in your day to day activities. Furthermore, there may be situations where an agent may require supervision, or may require some form of monitoring. If you function in the capacity of a supervisor it is your responsibility to understand any and all requirements of your role.

If TSI believes that an agent has failed to comply with policies, procedures, or established guidelines one or more of the following steps may be taken:

- Training or retraining may be initiated
- Agent’s sales may be monitored for a period of time
- Compensation may be appropriately adjusted (including moving to “as earned”)
- A verbal or written warning may be issued; And/or
- The agent’s contract may be suspended or terminated, and/or the agent’s affiliation with TSI may be suspended or terminated.

# Code of Professional Conduct for Agents

TSI is committed to treating our customers fairly and ethically. That is why we have adopted this Code of Professional Conduct (Code) for our agents. TSI agents have a responsibility to treat customers and other agents fairly and ethically. Failure to adhere to these principles may result in disciplinary actions, up to and including termination.

## Principles

TSI commits itself, and requires its agents to:

- Conduct business according to high standards of honesty and fairness and treat our customers and agents as we would expect to be treated
- Provide competent and customer-focused sales and service
- Compete fairly
- Provide advertising and sales material that is clear, honest and fair
- Handle customer complaints and disputes fairly and promptly
- Maintain a system of supervision and monitoring reasonably designed to demonstrate WFGIA's commitment to and compliance with these principles

## Use Qualified and Trained Agents

- Agents will be of good character and business repute and have the appropriate qualifications implemented by TSI.
- Agents will be licensed and meet other applicable state requirements required to solicit debt collection services.
- Agents will be properly trained on how to comply with laws and regulations, TSI procedures, and with this code, as appropriate.
- Agents will be familiar with information that TSI makes available about TSI's approved product(s) and the features and operations of the product(s). The information may be provided or made available through various methods, including: sales, marketing, or other descriptive product materials; manuals; training or training materials; software; websites or system based information; or other appropriate means.
- Agents shall participate in continuing education designed to provide current knowledge regarding products, industry issues, and emerging trends.

## Compete Fairly

- Engage in fair and active competition in the marketing and sales of TSI's products. TSI and its agents will:
  - Maintain compliance with the applicable state and federal laws fostering fair competition
  - Refrain from disparaging competitors

## Sell Fairly and Use Clear and Accurate Sales Materials

- Advertising and sales material that is designed to lead to sales or solicitation of TSI's products should be presented in a manner consistent with the needs of the customer. Such advertising and sales material will be based upon the principles of fair dealing and good faith and will have a sound basis in fact.
- Materials presented as part of the sale are clear and understandable in light of the complexity of the product being sold.
- Materials are not permitted to be used in the sale of TSI services unless they are reviewed and approved by TSI for compliance with this Code and with applicable laws and regulations related to advertising, unfair trade practices, sales illustrations, and other similar provisions.

#### Appropriately handle and monitor complaints

- Customer complaints will be identified, evaluated and handles in compliance with applicable laws and regulations.
- Policies and procedures will be maintained, adhered to and designed to reasonably assure that customer complaint information gathered is analyzed, efforts are made to eliminate their root cause, and that it makes good faith efforts to resolve complaints and disputes.



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