

LETTER OF AGREEMENT

I. Parties

This Agreement between Western Union Financial Services, Inc., a Colorado corporation with offices located in Greenwood Village, CO (“Western Union” or “Company”) and the AARP Foundation (“the Foundation”), with its headquarters in Washington, D.C., is dated and effective November 10, 2005. Collectively, Western Union and the Foundation are referred to as “the Parties” and either is referred to as a “Party.”

II. Scope of Work

Western Union is voluntarily contributing funds, and commits to provide such funding in accordance with the terms of this Agreement, to support a consumer fraud prevention program, which is described in Attachment A. The Foundation in collaboration with the National Telemarketing Victim Call Center (“NTVCC”) and other sub grantees, will use volunteers to make at least 3,000,000 outbound contacts, primarily to older consumers, to educate consumers about telemarketing and other forms of fraud that encourage victims to use money transfer services and to offer them alternatives to risky personal behaviors in order to reduce the likelihood they will become fraud victims.

III. Funds

Western Union will provide \$8,191,164 to the Foundation to implement the work described above. A first installment of \$500,000 will be paid on or before the later of October 15, 2005, or thirty (30) days after execution of this Agreement with the balance in five annual installments of \$1,538,233 beginning on January 15, 2006 and on January 15th of each subsequent calendar year. The Foundation will apply Western Union’s contribution according to the budget shown in Attachment A.

IV. Liability

Western Union’s liability under this Agreement and all matters related to the work under the Agreement is limited to fulfilling its funding commitment. In no event shall either party be liable for any incidental or consequential damages.

V. The Foundation’s Responsibilities

The Foundation shall:

- A) Faithfully execute the work as described herein;
- B) Comply with all laws, rules and regulations which may apply to its performance under this Agreement;

- C) Faithfully account for its expenditures of the funds described herein according to generally accepted accounting standards and shall make such accounting available to Western Union;
- D) Allow Western Union to review all scripts it proposes to use for its outbound communications before those scripts are used;
- E) Neither disparage the money transfer service business generally nor refer specifically to Western Union in the scripts;
- F) Train and monitor all volunteer callers and subcontractors with respect to appropriate behavior, including call courtesy, special concerns based on population being called, and the need to follow the approved scripts;
- G) Consult regularly with Western Union on the program design and evaluation techniques;
- H) Designate a program manager who will work with a counterpart at Western Union and the representative selected by the state Attorneys General. These three individuals will act as primary points of contact for each entity or group.

VI. Publicity

Neither party shall distribute publicity about the work described herein that mentions the other party, or the terms of this Agreement, unless it has been reviewed and approved by that party, or unless required by law. The parties will agree upon a joint announcement regarding work under this Agreement.

VII. Parties' Marks

Neither party shall at any time use the name, trademarks, trade names or any other registered marks of the other party without the prior written consent of the other party.

VIII. Default

- A) In the event that the Foundation cannot or will not, in its sole discretion, continue to perform the work herein, Western Union may cease its payments and the Foundation shall return to Western Union any unexpended funds forthwith.
- B) In the event that there is waste, fraud or abuse in the execution of the work, Western Union may cease its payments and the Foundation shall return to Western Union any unexpended funds forthwith.

XIX. Severability

If any provision of this Agreement is determined by a court or mutual agreement of the parties to violate the law or to be inappropriate, the remaining provisions shall remain in full force and effect. This Agreement may be amended at any time by agreement of the parties.

The parties have executed this Agreement as of the date set forth above.

WESTERN UNION FINANCIAL SERVICES, INC.

By _____

Name: _____

Title: _____

THE AARP FOUNDATION

By _____

Name Robert Talbot

Title Managing Director

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If any provision of this Agreement is determined by a court or mutual agreement of the parties to violate the law or to be inappropriate, the remaining provisions shall remain in full force and effect. This Agreement may be amended at any time by agreement of the parties.

The parties have executed this Agreement as of the date set forth above.

WESTERN UNION FINANCIAL SERVICES, INC.

By Christina Gold

Name: CHRISTINA GOLD

Title: PRESIDENT

THE AARP FOUNDATION

By _____

Name _____

Title _____

ATTACHMENT A

AARP FOUNDATION PROPOSAL ON CONSUMER FRAUD PREVENTION

Preventing Future Fraud: A Nationwide Reverse-Boiler-Room Network

To alert previous and potential victims of telemarketing, and other forms of fraud that may utilize wire transfer services, the AARP Foundation proposes to develop, manage, and evaluate a five-year educational campaign focused on warning consumers about telemarketing and other types of fraud that may utilize wire transfer services. Utilizing the reverse-boiler-room call center model, the AARP Foundation—in collaboration with the National Telemarketing Victim Call Center (“NTVCC”) and other qualified potential sub-grantees—will use an army of volunteers to make at least 3,000,000 outbound peer-to-peer consumer contacts over five years, while developing timely research on altering the risky behaviors of older Americans.

The AARP Foundation will employ volunteer-staffed reverse boiler rooms for the peer-counseling component of this program. The reverse-boiler-room model is an effective education and prevention effort whereby volunteers make informative telephone calls to vulnerable recipients offering prevention messages about the dangers of ongoing consumer fraud scams. For this program, lists of call recipients will be populated by “fresh leads” of potentially-vulnerable seniors, other high-risk individuals (including consumers who take out advance-fee loans or have high credit-card balances), and recent scam victims provided by various law enforcement agencies and state attorney general offices.

The AARP Foundation has selected the NTVCC as the primary sub-grantee for this program. Established in 1998 as a collaborative program of WISE Senior Services, FBI, and the U.S. Postal Inspectors, NTVCC has a strong track record of using reverse boiler rooms to alert high-risk individuals that they have been, or will be, targeted by fraudulent telemarketers and, secondarily, to obtain information regarding ongoing telemarketing fraud. NTVCC has the established resources, volunteer recruitment strategies, training programs, and management processes to begin work immediately upon program commencement. Each year, NTVCC will make at least 200,000 contacts to at-risk consumers on a national scale, thus providing more than 1,000,000 consumer contacts during the program’s duration.

During the second through fifth years of this program, up to ten sub-grantees will join NTVCC in additional reverse-boiler-room-based peer-counseling activities. Proposals will be accepted from qualified non-profit organizations and collaboratives, and sub-grantee selections will be made with respect to overall qualifications, capacity, and long-term sustainability, while also promoting geographic representation that ensures a substantial number of calls are made to targeted individuals in all 50 states. Assuming the use of ten sub-grantees, each will be contracted for a period of four years and make at least 50,000 outbound consumer contacts each year. At this rate, the combined efforts of the additional sub-grantees will result in more than 2,000,000 consumer contacts during the final four years of this program.

By making more than 3,000,000 contacts over five years, the AARP Foundation and its partners will inform, protect, and positively impact many older Americans and other high-risk individuals from fraudulent activities.

Research and Evaluation: Further Changing Consumer Behavior

While supporting direct interventions, the AARP Foundation further proposes extensive research on peer-counseling fraud prevention and a thorough evaluation of our reverse-boiler-room efforts. Research and evaluation funding will be used to conduct two important studies: (1) a study of peer counseling interventions, and (2) an evaluation of our program’s peer-to-peer outreach efforts, including a review of each sub-grantee. Additional information on both proposed research and evaluation studies are included below.

Study of peer counseling interventions – This study will endeavor to learn what expectations can be anticipated from peer-counseling calls over multiple timeframes. Questions include: What can be expected from a single call? One call per week for one month? One call per week for two months? Findings from this study will scrutinize the impact such interventions have on behavior changes among targeted individuals. Further, the study will examine the effect of a pre- and post-inventory of self-protective behaviors for individuals receiving an intervention compared with those who do not.

Program evaluation – A comprehensive evaluation of the reverse-boiler-room component of this program will be undertaken by AARP’s internal Knowledge Management team. Descriptive statistics, surveys, and new data obtained from law enforcement agencies will be used to create an outcomes-based analysis on the effectiveness of each sub-grantee. Additional evaluation and outcomes-assessment points will be added by Knowledge Management as appropriate.

Funding Vital Outreach, Research, and Evaluation: The Program Budget

As previously noted, funding for this program will defray the cost of contracting NTVCC and ten other sub-grantees to make at least 3,000,000 consumer contacts over five years, conducting in-depth research on telemarketing-fraud interventions, and independently evaluating our efforts.

The largest cost associated with this program involves the peer-counseling telephone contacts. Working with NTVCC, the AARP Foundation developed a formula to discern the cost per individual contact. This formula—which includes expenses associated with program staffing, long distance and other telephone costs, technology support, program administration, volunteer training and support, and “fresh lead” development—calculates the cost of each individual contact as \$2.38. Applying this cost-per-contact cost to the quantitative objectives for NTVCC and the other sub-grantees, overall peer-to-peer contact expenses are as shown on the following page.

	<u>NTVCC</u>	<u>Sub-grantees</u>
Annual contacts:	200,000	500,000
Cost per contact:	x <u>\$2.38</u>	x <u>\$2.38</u>
Annual total:	\$476,000	\$1,190,000
Years:	x <u>5</u>	x <u>4</u>
Overall cost:	\$2,380,000	\$4,760,000

Using these numbers, the overall cost for the peer-intervention component of this program is \$7,140,000. Additional funds are requested by the AARP Foundation for program management. Such relevant costs include: annual salary and benefits for a program director, travel for oversight of NTVCC and all other sub-grantees, administrative overhead, and research and evaluation activities as outlined above. All costs for the AARP Foundation are described below:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total</u>
Salaries & Benefits:	\$93,750	\$97,500	\$100,000	\$102,500	\$106,250	\$500,000
Travel:	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Office Expenses:	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Miscellaneous Expenses:	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$10,000
Indirect Costs:	<u>\$12,526</u>	<u>\$12,950</u>	<u>\$13,233</u>	<u>\$13,515</u>	<u>\$13,940</u>	<u>\$66,164</u>
Total Expenses:	\$123,276	\$127,450	\$130,233	\$133,015	\$137,190	\$651,164
Evaluation:	\$0	\$0	\$0	\$0	\$150,000	\$150,000
Research:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$250,000</u>	<u>\$250,000</u>
Overall Total:	\$123,276	\$127,450	\$130,233	\$133,015	\$537,190	\$1,051,164

Please note that while research and evaluation activities will take place throughout this program, all expenses have been placed exclusively in year five for budget simplification purposes. With expenses for the AARP Foundation totaling \$1,051,164, the comprehensive budget associated with this program is \$8,191,164. Detailed budgetary information for each program component is available upon request. Western Union will make payments to the AARP Foundation as provided in Section III of the Letter of Agreement.