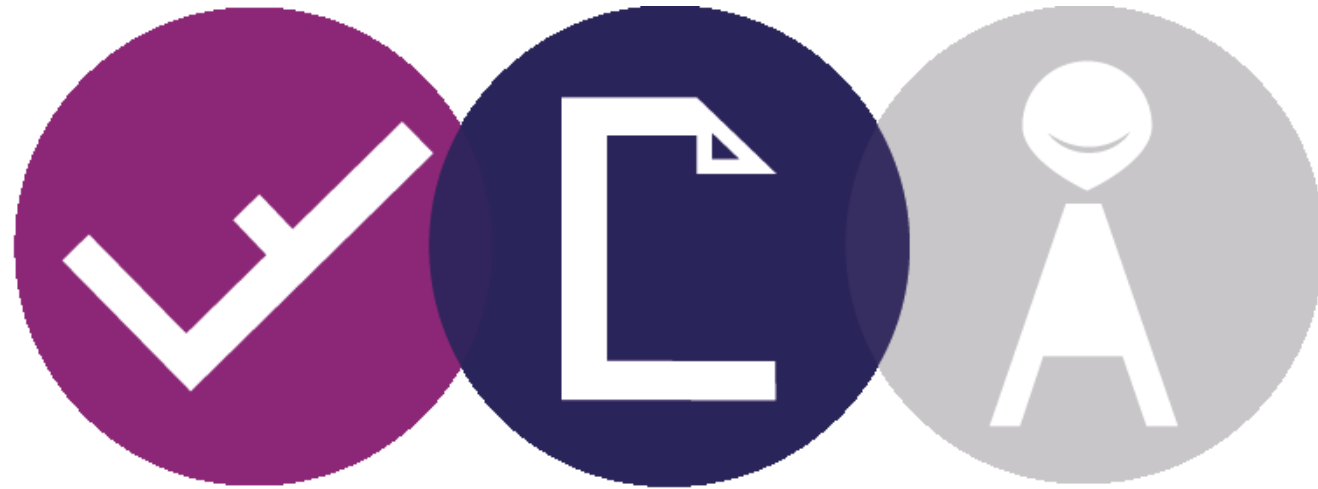


Being *Brilliant* at...

GETTING FAIR CONTRACT TERMS

#SBM15



FAIR CONTRACT ASSOCIATES

Catalysts for Change

What to Expect



- Who I am (and why you should listen to me anyway!)
- The Office Equipment Industry and how it works
- The numerous SCAMS in the industry
- How to spot the SCAMS
- How to avoid the SCAMS
- What to do if you're the victim of a SCAM



Chas Jordan

The Equalizer

A bit about me



- One of six, middle child, learned how to negotiate
- Learned the lesson of honesty early on
- Started in the industry at 15!
- Moved into sales late 1970's
- Have worked in the industry for 5 decades



The Industry in a nutshell!



- Unregulated and fundamentally corrupt
- Commission based – 50% of gross profit
- Dealers encouraged to increase turnover
- Sales people encouraged to maximise opportunities
- Result = SCAMs are rife!

The 1960's

- A “Photo Copier”
- A ‘Duplicator’ (Plain paper)
- The first Plain paper copier



The 1970's

The Japanese arrive
Fax machines arrive

The Slick operator arrived



The 1980's

- Wet, dry, drum, master, sheet or roll, plain or coated
- Faster 'enlarge' & 'reduce'
- My first colour (Canon at 50)
- The introduction of 'Copy Plan'

The 1990's

- Automation
- DIGITAL arrives!!

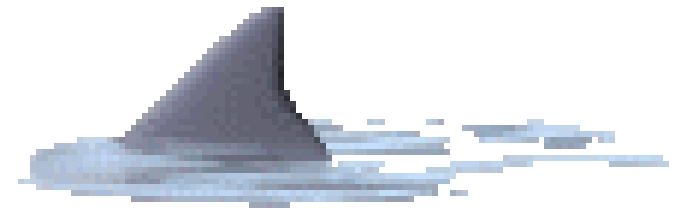


The 2000's

- Multi function equipment
- Centralised printing
- Documentation fees
- Longer contractual terms

The 2010's

- Centralise or decentralise a quandary
- Automated everything
- Sharks out in force



Where we are now



- Unscrupulous dealers multiplying
- More scams than ever
- Honest, ethical dealers are being forced out of the market – they can't compete



Current SCAMs



SCAM 1 - **MAGIC PAPER SCAM**

SCAM 2 - MOD SCAM

SCAM 3 - **EVERGREEN SCAM**

SCAM 4 - **COLOUR SCAM**

SCAM 5 - COPY CHARGE SCAM

SCAM 6 - **COPY PLAN SCAM** (MPSA)

SCAM 7 - TAKEOVER SCAM

SCAM 8 - MAINTENANCE SCAM

SCAM 9 - **OPPORTUNIST SCAM**

SCAM 10 - BULK FREE SCAM

SCAM 11 - **FLIPPING LEASE SCAM**

SCAM 12 - **FRESH AIR SCAM**

SCAM 13 - FAB SCAM



A helpful word from Trading standards

“These issues tend to be a combination of very poor decision making and opportunistic/predatory sales tactics from suppliers”

A word from the Department of Education

“Schools need to be absolutely sure of what they sign up to and read the small print because it is usually very difficult to legally challenge or break these type of contracts”

SCAM 1 - MAGIC PAPER SCAM



What it is

- Blank areas on documents miraculously get populated
- You commit to do lots of copies
- You agree to pay 4 times for each colour copy
- You order extra equipment
- You agree to pay more
- Magic paper turns SMALL deals into BIG commission for salespeople



SCAM 1 - MAGIC PAPER SCAM



BNP PARIBAS LEASE GROUP

Agreement No. _____

Hire Agreement regulated by the Consumer Credit Act 1974

OWNER

SUPPLIER'S DETAILS
 Name: LTM DIGITAL LTD
 Salesperson: KATHERINE WATSON
 Address: 718 CRANE MEAD, WARE, HERTS, SG12 9PZ

ADDITIONAL PROVISIONS

Confirmed by You (please sign)

DATA PROTECTION
 By signing this Agreement You agree that We may make credit searches against You and obtain information about You and Your business. We and/or our agents may use the information obtained about You or this Agreement for certain purposes and from time to time contact You about goods or services that may be of interest to You. You may choose not to receive information about such goods and services by placing a tick in the following box.

Accepted for and on behalf of BNP Paribas Lease Group (Rentals) Limited.

Signature _____ Date _____ which is the date of this Agreement

HIRER'S DETAILS
 Company Registration Number: _____ Contact Name: _____
 Tel: _____ Fax: _____ Email: _____
 Private Address (if non-corporate): _____
 Date(s) of Birth: _____
 Location of Products if different from above: _____

LEASE PROPOSAL INFORMATION
 How We work out Your Rentals
 Price of the Products (after any trade-in allowance): (a) £ _____ Rental for additional Products (c) £ _____
 Amount required to terminate existing Agreements: (b) £ _____ Rental for retained Products (if any) (d) £ _____
 Total price upon which Rentals are calculated: (a) + (b) £ _____ + VAT Initial Rental (c) + (d) £ _____
 Rentals are based on a rate per £1,000 of: £ _____

Where the total price upon which Rentals are calculated includes an amount to settle a commitment for existing products under Agreements between You and other Suppliers, the total price upon which Rentals are calculated shall include the amount to settle such commitments.

Name of Finance Company _____ Agreement Number _____ Amount £ _____
 £ _____
 £ _____

Qty	Manufacturer	Model	Description	New	Not New	Retained
1	SMART	WHITEBOARD + PROJECTOR	64" SMART	<input checked="" type="checkbox"/>		
1	SAHARA	CLIVER LCD	32" LCD TOUCH MONITOR	<input checked="" type="checkbox"/>		

This Agreement is for a Minimum Period of THIRTY-SIX months.

The Initial Rental shall be due on Our signing this Agreement and thereafter You will pay Us Rentals every month / quarter / year (* delete as applicable).

Initial Rental of £ 698.00 (exc. VAT), which equals £ 802.70 (inc. VAT)

followed by a minimum of ELEVEN Rentals, each of £ 698.00 (exc. VAT), which equals £ 802.70 (inc. VAT)

On expiry of the Minimum Period, Rentals will continue to be payable at the same frequency and in the same amount as the last Rental shown above.

An Administration Fee of £99 plus VAT is payable on Our acceptance of this Agreement and will be collected with the Initial Rental.

Maintenance charge included in Rentals (if included see Clause 5) £ _____ (exc. VAT), which equals £ _____ (inc. VAT)

The Rentals may be varied under this Agreement in the event that any of the assumptions set out in Clause 2 prove not to be correct, if the Supplier's maintenance charges increase as set out in Clause 5.2 or You stop paying the Supplier's maintenance charges (as further set out in Clause 5.5).

SCAM 1 - MAGIC PAPER SCAM



BNP PARIBAS LEASE GROUP

Agreement No. _____

Hire Agreement regulated by the Consumer Credit Act 1974

OWNER
BNP Paribas Lease Group (Rentals) Limited, St James Court, St James Place, Bristol BS1 1UH

HIRER
Name(s) _____
Trading as (if required) _____
Address _____
Postcode _____

KEY FINANCIAL INFORMATION
Products - See attached schedule reference _____ or as set out below:

City	Manufacturer	Model	Description	New	Not New	Retained
1	SHARK	77" INTERLAYS	WHITE BOARD + PROJECTIVE	✓		
1	HP	CHROME TOUCH	INTERACTIVE LCD	✓		
1	SHARK	6730	LAZ NOTS	✓		
1	SHARK	64" WHITE BOARD	STAND + PROJECTIVE			✓

The Agreement is for a Minimum Period of 5/10/14 months.
The Initial Rental shall be due on Our signing this Agreement and thereafter You will pay Us Rentals every quarterly (if details as applicable).
Initial Rental of £1898 (plus VAT) followed by a minimum of 12 Rentals, each of £1898 (plus VAT)
On expiry of the Minimum Period, Rentals will continue to be payable at the same frequency for the same amount as the last Rental shown above.
An administration fee of £100 plus VAT is payable on Our acceptance of this Agreement and is collected with the Initial Rental.
Maintenance charges included in Rentals (if included see Clause 4) _____ (plus VAT)
The Rentals may be varied under this Agreement in the event that any of the assumptions set out in Clause 2 prove not to be correct, if the Supplier's maintenance charges increase as set out in Clause 3.2 or You stop paying the Supplier's maintenance charges as set out in Clause 3.5.

KEY INFORMATION
If you fail to pay any sums due on the due date You will pay to Us an Arrears Administration Charge set out in Our tariff of charges. You must pay interest from day to day on the unpaid amount at 6% above Finance House Base Rate from time to time, after as well as making any judgement, from the due date until We receive it.
If you fail to insure the Products, We have the right but not the obligation to insure the Products at Your cost and collect the full cost from You along with the Rentals.
You will pay Our costs and charges for dealing with unpaid, returned or recalled payments or direct debits and enforcing the terms of this Agreement and repossessing, repairing and selling the Products. You may also be liable to pay the additional charges set out in Clauses 2.2, 6.1, 9.2, 10.1 and 12.6.
This Agreement is not cancellable.
MISSING FORMALITIES
Missing Payments could have severe consequences and may make obtaining credit more difficult.
IMPORTANT - READ THIS CAREFULLY TO FIND OUT ABOUT YOUR RIGHTS
The Consumer Credit Act 1974 covers this Agreement and lays down certain requirements for Your protection which should have been complied with when this Agreement was made. If they were not, the Owner cannot enforce this Agreement against You without getting a court order. If You would like to know more about Your rights under the Act, contact either Your local Trading Standards Department or Your nearest Citizens Advice Bureau.
This is a Hire Agreement regulated by the Consumer Credit Act 1974.
Sign it only if You want to be legally bound by its terms.

Please Print
Name(s) X _____
Postname(s) X OFFICE MANAGER

Signature(s) of Hirer(s) X _____
Date(s) of signature(s) X 10/03/09
Under this Agreement the Products do not become Your property and You must not sell them.

You confirm that all the information You have provided is true and correct and that You are making this Agreement in the course of Your business. You have selected the Products and agree that the terms of Clauses 3.1 and 6, the exclusion of liability clause, are reasonable.
By signing I am/we are confirming that I/us/we are entering into this Agreement for the purpose of the business carried out by me/us or which I/we intend to carry on. I/we also confirm that I/we have not sold or do not sell anything nor given the owner anything which contravenes this.
If (i) You are a body corporate, (ii) You are a partnership consisting of ordinary bodies corporate, (iii) You are a partnership of 4 or more partners, or (iv) the total payments You must make under this Agreement or hire (including VAT) are such other financial limit for the time being set down by the Act and you are entering into the agreement wholly or predominantly for a business purpose then this Agreement is not regulated by the Consumer Credit Act 1974.

Declaration for exemption relating to businesses
(Sections 16B and 16C (1) and (2) Consumer Credit Act 1974)
I am/We are entering into this agreement wholly or predominantly for the purposes of a business carried on by me/us or intended to be carried on by me/us. I/we understand that I/we will not have the benefit of the protection and remedies that would be available to me/us under the Consumer Credit Act if we were a regulated agreement under that Act.
I am/We are aware that, if I am/we are in any doubt as to the consequences of the agreement not being regulated by the Consumer Credit Act, I/we have sought independent legal advice.

SUPPLIER'S DETAILS
Name: LTH Digital AVS LTD
Salesperson: John Adams
Address: 7 + 8 CLAVIS ROAD, HAKE, HAKES, SQ

ADDITIONAL PROVISIONS
Confirmed by You (please sign) _____

DATA PROTECTION
By signing this Agreement You agree that We may make credit searches against You and obtain information about You and Your business. We use the information obtained about You or this Agreement for certain purposes and from time to time contact You about goods or services that fulfil details see Clause 11. You may choose not to receive information about such goods and services by placing a tick in the following box.
Accepted for and on behalf of BNP Paribas Lease Group (Rentals) Limited:
Signature: _____ Date: 19.5.9. which is the date of this Agreement.

HIRER'S DETAILS
Name: _____
Company Registration Number: _____
Tel: _____ Fax: _____ Email: _____
Private Address (if non-corporate): _____
Date(s) of Birth: _____
Location of Products if different from above: _____

LEASE PROPOSAL INFORMATION
How We work out Your Rentals
Cost of the Products (even any stock-in-allowance): (a) £19040.99 Rental for additional Products (c) £
Amount required to terminate existing Agreements: (b) £7271.18 Rental for retained Products (if any) (d) £
Total price upon which Rentals are calculated: (a) + (b) £26312.17 VAT Initial Rental (e) + (d) £
Rentals are based on a rate per £1,000 of: £70.51
Where the total price upon which Rentals are calculated includes an amount to settle a commitment for existing products under Agreements with other Finance Companies:
Name of Finance Company: _____ Agreement Number: _____ Amount: _____
£ _____
The Supplier undertakes to settle this commitment on Your behalf upon acceptance of the Agreement. By signing this Agreement You authorize Amounts and in doing so this is the extent of Our liability.

SCAM 1 - MAGIC PAPER SCAM



How to avoid it

- Never sign a blank document
- Strike through blank areas with at least 2 thick lines
- Take and keep a copy of any agreement you sign
- Insist that proposed amendments are confirmed in writing on official letterhead, signed by a registered director
- Compare countersigned agreements with your copy.

SCAM 3 - EVERGREEN SCAM



What it is

- Often starts when you terminate
- Covers cost of copy, servicing and maintenance
- If they do start the agreement, they add minor equipment in order to **restart** it
- Generates horrendous settlement charges
- Designed to tie you to the dealership



SCAM 3 - EVERGREEN SCAM



How to avoid it

- Insist that the equipment you agree to buy or lease is installed complete **before** you pay for anything
- Do not entertain any additional goods unless they are added co-terminus with the existing agreement
- Get confirmation from the company on their letterhead signed by a registered director of the company

SCAM 4 – COLOUR SCAM



What it is

- Most common on Ricoh machines
- Often sold as part of an MPSA type agreement
- Pay for each colour when making A4 colour copies
- You pay 3 colours and 1 Mono for each colour copy
- Possible to pay 3 colours and 1 Mono for each black

SCAM 4 – COLOUR SCAM



Minimum Period In Months <i>Sixty</i> (IN WORDS)		Payment Period Please tick one MONTHLY QUARTERLY <input checked="" type="checkbox"/> ANNUALLY		
Mono				
Cost per Copy	No. of Copies included per Payment Period	Cost per Extra Copies	Toner	Total Mono Payment
<i>0.5</i>	—	<i>0.5</i>	<input checked="" type="checkbox"/> INCL / <input type="checkbox"/> EXCL	£ — + VAT
Colour				
Cost per Colour	No. of Colours included per Payment Period	Cost per Extra Colour	Toner	Total Colour Payment
<i>5.0</i>	—	<i>5.0</i>	<input checked="" type="checkbox"/> INCL / <input type="checkbox"/> EXCL	£ — + VAT
Total Minimum Payment per Payment Period				£ — + VAT
<p>Please note the above payments may be increased under clause 3 of the terms and conditions of this Agreement. Please read all terms & conditions overleaf before signing this Agreement.</p>				
Signatures				
Your Signature and Details			Our Acceptance	
I/We agree to the terms of this Service Agreement as set out above and overleaf				
<input checked="" type="checkbox"/> Signature of Customer/Duly Authorised for and on behalf of the Customer				
<input checked="" type="checkbox"/> Name of Signatory:				
<input checked="" type="checkbox"/> Position: Date:				



SCAM 4 – COLOUR SCAM



Development Counter	
L3674002465	
day: 19 Feb. 2013 09:26	
RICOH	
Development	219050
Development	117764



SCAM 4 – COLOUR SCAM



RICOH



Page Counter	
Serial No.:	L3674002465
Data of Today:	19 Feb. 2013 09:35
Copier:Colour	2713
Copier:B & W	9794
Printer:Colour	73720
Printer:B & W	31925
Colour Total	76433 *
B & W Total	41719 *

SCAM 4 – COLOUR SCAM



How to avoid it

- When the option of copy/development is shown on a service agreement (or MPSA) strike through the word Development everywhere it appears on the document (small print too)
- Test the meter. Take a set of meter readings, place a multi-coloured original on the machine, take one A4 copy in landscape mode, then re-read the meters. If the colour meter increased by 1 your machine is billing **pages**, if not then it is probably billing individual **colours**

SCAM 6 – COPY PLAN SCAM (MPSA)



What it is

- Incorporates Finance and servicing into one document
- Copy charges considerably higher
- Increases are applied to both service and finance elements
- Generally poor value
- Settle early and you pay finance and all service charges which would have become payable

SCAM 6 – COPY PLAN SCAM (1980)



Example (1980)

- Average copier cost:
£2,500.00 (we'll say £3,000.00 to allow for argument)
- A4 black copy cost:
1.3p (incl consumables, service and parts)
- Average production:
12,000 A4 single sided copies per month.

SCAM 6 – COPY PLAN SCAM (1980)



Example (1980) - What does it mean?

It means that the machine that could have been leased over 5 years using 20,000 copies per month at a total and fully inclusive cost of £18,852.00

*On a **Copy Plan** would cost an extra £216,000 – (£228,000.00 in total, including the £12,000 from year One).

**This does include a £46,080.00 settlement of the first agreement. However, it does not include any annual cost increases.*

SCAM 6 – COPY PLAN SCAM (MPSA)



Annex 1

THE CUSTOMER
 COMPANY NAME
 INSTALLATION ADDRESS
 INVOICE ADDRESS
 COMPANY NUMBER

IMAGE

MAKE	EQUIPMENT	MODEL	DESCRIPTION	SERIAL NUMBER
RICOH		APICIO MR 2050	COLOUR MFP	22244300612

CMYK

EXPLANATION OF CHARGES

A) Monthly rental	65.00
B) Mono maintenance charges, per image	0.8p
C) Minimum mono monthly image volume	250
D) Colour maintenance charges, per image	6p
E) Minimum colour monthly image volume	1
F) Period, months in words	Sixty

COLOUR TONER INCLUDED YES NO
 MONO TONER INCLUDED YES NO

DEVELOPMENT
 The sum of N/A in respect of your existing obligation.

Thank You!

WE BOTH AGREE TO THE FOLLOWING VARIATIONS TO THIS AGREEMENT

ADD	SUBTRACT
N/A	N/A

CHARGES

Agreed mono running cost per image A/(C+E) PLUS B	26.7p
Agreed colour running cost per image A/(C+E) PLUS D	31.9p

AGREED ON BEHALF OF AGREEING SOLUTIONS LTD

SIGNED
 NAME **DANIEL BREELLE**
 POSITION **HEAD OF OPERATIONS**
 DATE **07/02/2013**

THE BLUE CROSS TOGETHER FOR SHORT LIVES MARIE CURIE

SCAM 6 – COPY PLAN SCAM (MPSA)



How to avoid it

- Always keep finance and servicing charges separate
- Do not accept minimum usage billings
- Insist on paying only for what you have used
- Check finance & service agreements end at the same time
- Remember print audits are to assist the seller not the buyer
- Never be hurried into signing an agreement, any special offer that 'runs out today' will still be available tomorrow

SCAM 9 – OPPORTUNIST SCAM



What it is

- Multiple leases on the same equipment
- New lease written annually
- Dealer pays previous quarterly lease payments
- Horrendous problems for the school
- Huge profit for the dealer



SCAM 9 – OPPORTUNIST SCAM



How to avoid it

- Remember: any lease rental agreement you enter into means that you **lease**, not **own** the equipment
- You will have to return the equipment to the first leasing company before a second lease expires
- You will need to repurchase equipment to return it to the second leasing company or pay a in lieu.
- The more times you allow equipment to be sold to a new leasing company the more times you will need to purchase it to return to each of leasing company at the end of each lease

SCAM 9 – OPPORTUNIST SCAM



If you allow a finance or leasing companies property to be sold to another finance or leasing company, you are aiding a fraudulent act and in doing so, you risk imprisonment

SCAM 11 – FLIPPING LEASE SCAM



What it is

- Promises reduced payments
- Consolidates multiple leases into one new one
- Offers just one lease payment
- Increases the overall term, so you pay more



SCAM 11 – FLIPPING LEASE SCAM



How to avoid it

- Accept that you have the best deal you are going to get on the leased equipment you have been using, until you replace it
- Understand that if you achieve a reduction in rental charges you will undoubtedly increase the term and you will pay interest on interest, considerably more than you would have paid had you stayed with the original deal
- Believe, a salesperson gains absolutely no benefit from reducing the costs on your current equipment. He or she does it purely for financial gain

SCAM 12 – FRESH AIR SCAM



What it is

- Sold as a 'Health and Safety' matter
- The Mod SCAM can be applied with it
- Low (no) worth, High cost



SCAM 12 – FRESH AIR SCAM



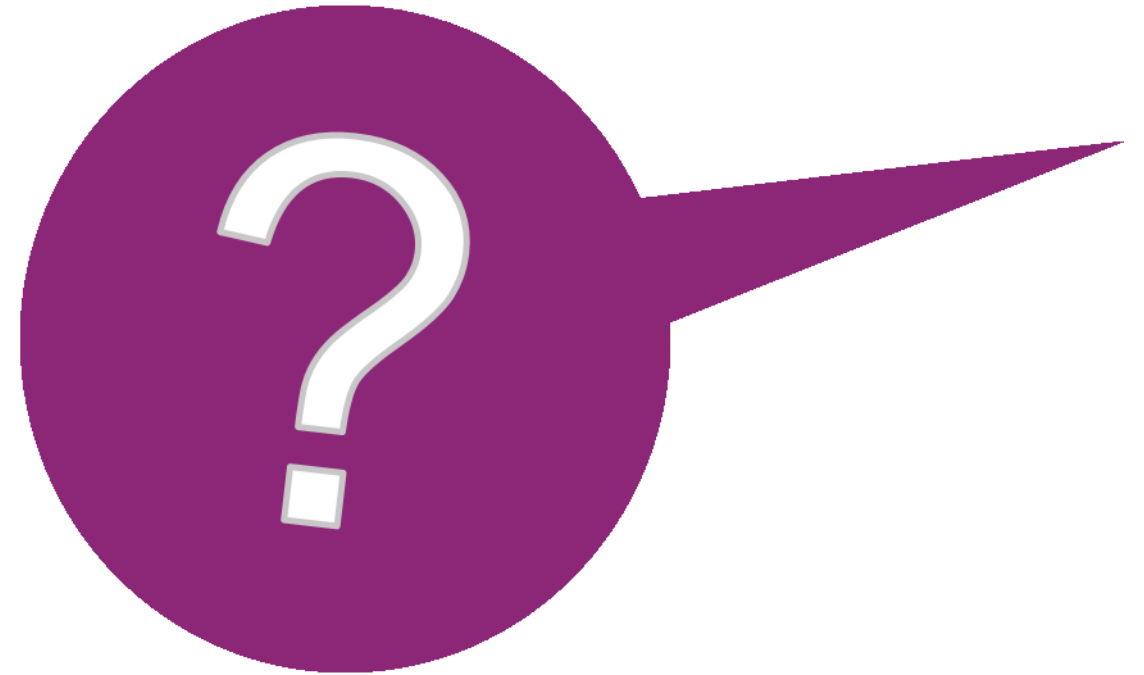
How to avoid it

- Accept that a copier manufacturer would never risk releasing equipment onto the market which could damage your health
- Believe, if a copier had a faulty or insufficient filter system, the manufacturer would release a free modification, or recall the machines

Questions

Comments

Concerns



Prevention is better than cure!!



- Prevention PRINCIPLES
- Prevention ACTIONS
- Prevention AWARENESS



Prevention PRINCIPLES



1. Trust what you **read** (not what you **hear**)
2. Amendments suggested by the dealer are in **their** interests
3. Nothing is **FREE** – you pay for everything eventually
4. No deal is so special it will not wait for your signature
5. You are entitled to question the deal until you understand it
6. It's your deal, you choose the payment terms
7. Plain English does not mean you will understand it

Prevention ACTIONS



1. Read and understand all documents before you sign any
2. Never sign a blank document (make sure ALL boxes are completed or double strike through them)
3. Ask the seller what's in it for them
4. Look at overall cost (add up the periodic payments)
5. Take a copy of all documents before you hand them over

Prevention ACTIONS



6. Take time, do not be hurried by a salespersons special offers, it will still be there tomorrow
7. Get **everything** in writing **before** you agree to sign
8. Have someone with you at each meeting or record the conversations
9. Check the sellers website, if they have testimonials, call them !! (focus on the oldest ones, most testimonials are taken during the first quarters honeymoon period)

Prevention AWARENESS



1. A salesperson's car can often be a give away, is it normally what you would expect a salesperson to be driving, do they use the same car each time
2. A salesperson is persuasive, that's their job
3. They will often tell you what you want to hear whether it is true or not, or beneficial to you
4. Do not believe that because it is clearly written it can't lie

What to do if you've been SCAMMED



1. DON'T BLAME YOURSELF
2. Write a complaint to the dealer
3. Call the dealer back to your offices and record the conversation
4. With-hold payment
5. Write to the lease company and request their advice and help (do not seek help from another dealer)
6. Get in touch with us at Fair Contract Associates

Who we are



- Who we are
Fair Contact Associates Limited
- Our vision
To introduce regulatory change to a corrupt industry
- What we do
Prevent you from being SCAMMED!

What we offer



- A FREE initial contract assessment (is there an issue?)
- Preliminary Investigation (collect and review all documentation)
- Contract renegotiation (take up the case, negotiation phase)
- Buy with Confidence (pre-purchase peace of mind)
- Check With Chas (on hand for help and advice)
- Dispute resolution (achieve a workable solution for all parties)
- Industry regulation (The Fairness Charter allows buying groups to buy safely)

What you now know



- The Office Equipment industry is fundamentally corrupt
- What SCAMS exist
- How to SPOT them
- How to AVOID them
- What to DO if you are a victim

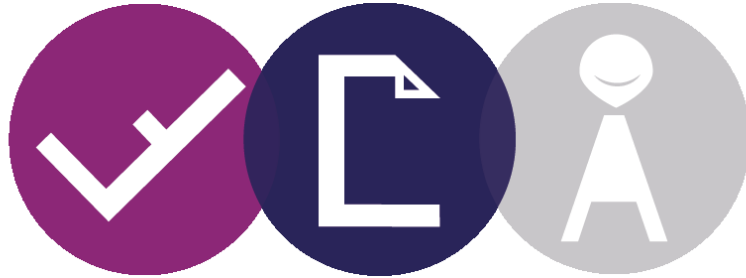


What to do next

- Check your Office Equipment Agreements against the handout we've given you
- If you identify a SCAM or even if you are unsure, get in touch with us – we will assess it free of charge.

And by the way... When we say "Free of Charge"...

WE Mean it!



FAIR CONTRACT ASSOCIATES

Catalysts for Change

CONTACT US