



REDFLEX
TRAFFIC SYSTEMS

Redflex Traffic Systems, Inc.
15020 N. 74th Street
Scottsdale, AZ 85260
Tel: 480 607 0705
Fax: 480 607 0752
www.redflex.com

August 7, 2008

VIA EMAIL

Commander Thomas Woodward
Arizona Department of Public Safety

Re: Department of Public Safety Contract No. L07-027

Dear Commander Woodward:

I am writing to reassure the Arizona Department of Public Safety (DPS) that Redflex Traffic Systems, Inc. (REDFLEX) wants to make things right given our discovery that the radar units we used in the pilot program were not certified by the Federal Communications Commission (FCC).

Unbeknownst to me until recently, there is a difference between a radar unit being FCC compliant and a unit being FCC certified. It is now my understanding that the radar REDFLEX has been using is FCC compliant, with certification expected within the next week. Of course, as soon as we learned that the unit we were using had not yet received certification, we removed the 2 speed enforcement vehicles under this program using this radar.

The pending FCC certification does not reflect on the accuracy or reliability of the radar units. While we do not understate the need to comply with applicable requirements, the matter of certification has no impact whatsoever on the integrity of speed measurements in the DPS speed enforcement pilot program. Rather, the FCC certification merely confirms that the unit does not interfere with other radio frequencies. Since the radar is FCC compliant, it meets all applicable standards. As shown by the enclosed R.H.F., Inc. Recertification and Certificates of Calibration for both speed enforcement vehicles and external tuning fork speed verification tests performed before and after each deployment, these units were fully and accurately functioning throughout their use in this program. Citations were issued only where drivers were actually speeding at or above the DPS mandated speed threshold.



REDFLEX
TRAFFIC SYSTEMS

We do not believe that it was "illegal" to use this radar and at worst, REDFLEX would be subject to a civil penalty by the FCC. Specifically, under Sections 501 and 502 of the FCC Act, a violation only carries potential criminal implications (and thus would be "illegal") if it was committed "willfully and knowingly." Here, it was simply an honest oversight. REDFLEX certainly did not intentionally violate the FCC Act or regulations; we are taking swift action to remedy the oversight, and the unit was and is FCC compliant.

We respect and will abide by DPS's decision on whether to vacate any citations generated through the use of the radar unit and to refund corresponding fines. However, it appears that there is no reason to do so since the units were accurately measuring speed and the FCC certification does not bear on performance or reliability of the units. Further, we believe that the FCC has exclusive jurisdiction to interpret and enforce its regulations, such that a driver could not use the lack of FCC certification to challenge a citation, especially since there is no question regarding accuracy and reliability.

Regardless of our respective contractual rights and obligations, we simply want to make sure that we have served DPS well. To that point please advise if you want us to continue to hold the two speed enforcement vans from deploying until next week when the certification is received or to outfit the units with our older model FCC certified radar.

We apologize for any inconvenience resulting from this situation. While we at REDFLEX pride ourselves on being a team of professionals who do things right, we are only human and, unfortunately, oversights do happen. We accept responsibility and will resolve this situation to your and DPS's complete satisfaction.

Please let us know what DPS would like us to do to resolve this matter. Once again, we cherish the opportunity to have DPS as our customer. We stand behind our products and service and reaffirm our commitment to resolve this matter with DPS. If you have any questions, please let us know.

Sincerely,

Karen Finley
President/CEO
Redflex Traffic Systems, Inc.

Enclosures