

1. JURISDICTION

1.1 Audio Telecom, Inc. enters its voluntary appearance and admits the Court has jurisdiction over it for purposes of enforcement and/or modification of this Journal Entry.

2. DENIAL OF LIABILITY

2.1 Audio Telecom, Inc. denies any wrongdoing of any nature and states that it intended to comply and believes that it has complied with the Kansas Consumer Protection Act and all applicable laws and regulations in all respects. The parties agree that no provision of this Journal Entry constitutes or should be interpreted as any actual or implied admission or finding of liability or fault by Audio Telecom, Inc., Allied Marketing Group, Inc., or any other person or entity. In order to avoid the unnecessary expense and time involved in protracted litigation, and for the purpose of settling this dispute, while denying the allegations made by the Attorney General, Audio Telecom, Inc. agrees to the terms of this Journal Entry. This Journal Entry, which is entered into pursuant to Kansas law, is not and shall not be construed as an express or implied admission, either direct or indirect, by Audio Telecom, Inc. of any violation of law for any purpose whatsoever.

2.2 Audio Telecom, Inc. agrees that the terms of this Journal Entry shall apply to it, whether acting through any corporation, subsidiary, division, or other device, and its officers, directors, employees, agents, successors, assigns or representatives.

3. AGREEMENT REGARDING BUSINESS PRACTICES

3.1 Based upon the agreement of the parties, **IT IS HEREBY ORDERED** that immediately upon the entry of this Order, Defendant, Audio Telecom, Inc., shall, in connection with solicitations sent to consumers in the State of Kansas:

A. Not represent to Kansas consumers that there is "no charge" for a telephone call or that the call is "free" or "toll free" when in fact a Kansas consumer will be billed a charge for placing the call.

B. Not represent on the initial solicitation device or during a telephone call to a pay-per-call service (as defined by the FCC), that there is "no charge" for a telephone call or that the call is "free" or "toll free" when in fact a Kansas consumer will be billed a charge for using the interactive information service accessed by the call.

C. Where there is the possibility of Kansas consumers being charged either for a telephone call or interactive information services in connection with a pay-per-call service (as defined by the FCC), Audio Telecom, Inc. shall clearly and conspicuously or adequately disclose, on the initial solicitation to Kansas consumers for that call or service, the following information:

- (a) If the charge for the call is determined on a per call basis, the total charge for the call;
- (b) If the call is billed on a usage sensitive basis, the rate, by minute or other unit of time used to determine the charge for the call, and the minimum charge, if any, for the call; and
- (c) If the duration of a usage sensitive call can be predetermined, the total cost for the call.

Pursuant to FCC guidelines, the disclosures specified above in this Paragraph C are not required for promotions with a flat-rate charge of \$2.00 or less, or promotions in connection with a pre-subscription agreement.

D. In solicitations involving a sweepstakes or prize, clearly and conspicuously disclose any alternate form of entry or alternate form of claiming a prize on the initial solicitation device;

E. Clearly and conspicuously disclose all material restrictions associated with any prize or award redeemable through Audio Telecom, Inc., Allied Marketing Group, Inc. or any affiliate (including the savings certificates) on the initial solicitation device. Material conditions include, but are not limited to:

- i. whether there are expiration dates for claiming prizes or applying discount coupons towards the purchase of merchandise;
- ii. a prize, such as a discount coupon, may only be used to purchase merchandise from a particular company or companies;
- iii. whether a minimum amount of purchase is required to use the coupon; and
- iv. multiple prizes, such as discount coupons, may not be used together to purchase merchandise.

F. Not represent during the 1-800 call or otherwise that delivery will be immediate if the consumer calls the 1-800 number and uses the "service" when in fact the delivery referred to will take more than two (2) weeks;

G. Not unfairly disparage a free method of entering a promotion or of claiming a prize or unfairly compare a free method of entering a promotion or of claiming a prize with another method of entry or claiming a prize;

H. Not bill or use invoices in such a way that leads reasonable Kansas consumers to believe that the bill is from their telephone company, or from Southwestern Bell, GTE, AT&T, MCI, Sprint, or another company which offers local exchange carrier or long distance service to Kansas consumers, when the bill or invoice is not from such a company or companies.

I. In connection with promotions where it is represented that consumers may receive "two (2) of the items shown below," clearly and conspicuously disclose on the initial solicitation device that the consumer may receive two of the same prizes or awards (if such is the case).

4. PAYMENT OF REASONABLE EXPENSES AND INVESTIGATION FEES

4.1 Audio Telecom, Inc. shall pay the total amount of twelve thousand dollars (\$12,000.00) to the Attorney General of the State of Kansas to reimburse the State for reasonable expenses and investigation fees incurred in by the Attorney General in this matter, as follows:

(a) Three thousand dollars (\$3,000.00) within ten (10) business days of the date Plaintiff advises Audio Telecom, Inc. of the Court's approval of this Journal Entry.

(b) Beginning the month following the date the initial Three thousand dollar (\$3,000.00) payment is made pursuant to paragraph (a) above, Audio Telecom, Inc. agrees to pay One thousand dollars (\$1,000.00) on or before the 5th day of each month for nine (9) months.

(c) Each payment will be in the form of a certified check backed by good and sufficient funds, made payable to the Attorney General of the State of Kansas.

4.2 In the event that Audio Telecom, Inc. defaults under the terms of this Order by failing to meet any payment of attorneys' fees and costs pursuant to paragraphs 5.1, the total amount remaining shall be immediately due and payable and shall be immediately subject to interest at the rate prescribed by K.S.A.16-204 and amendments thereto. Additionally, Audio Telecom, Inc. agrees to pay reasonable attorneys' fees and court costs associated with any collection efforts required to collect the remaining amounts owed the Attorney General of the State of Kansas at the point of default.

5. CHARITABLE CONTRIBUTIONS

5.1 Audio Telecom, Inc. agrees to make contributions totaling Ten thousand dollars (\$10,000.00) to be paid to the charitable organizations specified below:

(a) One thousand dollars (\$1,000.00) to be paid to the Salvation Army-Topeka, Kansas on December 5, 1992;

(b) One thousand dollars (\$1,000.00) to the Salvation Army Emergency Lodge-Wichita, Kansas on January 5, 1993;

(c) One thousand dollars (\$1,000.00) to The Villages on February 5, 1993;

(d) One thousand dollars (\$1,000.00) to Camp Hope on March 5, 1993;

(e) One thousand dollars (\$1,000.00) to Ronald McDonald House-Midtown Wichita on April 5, 1993;

(f) One thousand dollars (\$1,000.00) to Ronald McDonald House - Kansas City, Kansas on May 5, 1993;

(g) One thousand dollars (\$1,000.00) to Topeka Rescue Mission on June 5, 1993;

(h) One thousand dollars (\$1,000.00) to Friends of Yates on July 5, 1993;

(i) One thousand dollars (\$1,000.00) to Family Crisis Center - Great Bend on August 5, 1993;

(j) One thousand dollars (\$1,000.00) to Family Life Center of Butler County on September 5, 1993.

5.2 Each payment shall be made by certified check, payable to the charity specified above, and payments shall be delivered to Plaintiff's counsel on or before the date specified above.

6. REFUNDS

6.1 Audio Telecom, Inc. has offered and paid refunds to consumers in the State of Kansas who have requested refunds of monies paid to the Defendant in connection with the promotion which is the subject of the lawsuit. In addition, Audio Telecom, Inc. hereby agrees to continue providing refunds to consumers in the State of Kansas who: have been billed by Audio Telecom, Inc. for interactive information services provided through a call to any of

Defendant's area code "800" numbers and have paid the bill or any portion thereof, and who request a refund in writing, either directly from the company or through the Kansas Attorney General's Office.

6.2 Consumer refunds to be paid pursuant to this Journal Entry shall be by check, backed by good and sufficient funds, and shall not consist of credits or savings certificates. Defendant shall mail each such consumer refund, by first class United States Mail, within three (3) weeks of the receipt of the written request for each refund.

6.3 Defendant stipulates that no collection agency was or will be involved in efforts to collect from Audio Telecom, Inc. an unpaid balance on an invoice from Audio Telecom, Inc. and that no credit reporting agency was or will be notified of any Kansas consumer's failure to pay an Audio Telecom, Inc. invoice in connection with the promotion which is the subject of the lawsuit. The Defendant further understands that the State expressly relies upon this representation, and if it is inaccurate, may move to vacate or set aside this Order or request that Defendant be held in contempt of this Order.

6.4 Within six (6) months of the entry of this Order, Audio Telecom, Inc. shall provide the Attorney General with an affidavit, executed by an officer of the company, certifying that the refund process set forth above has been complied with and setting forth the number of Kansas consumers who requested a refund since the entry of this Order and the total amount of all refunds provided to said consumers.

7. PENALTY FOR FAILURE TO COMPLY

7.1 Defendant Audio Telecom, Inc. understands that upon entry of this Journal Entry, any willful violation of the terms of this Consent Judgment by Audio Telecom, Inc. is punishable

by civil penalties of not more than Ten thousand dollars (\$10,000.00) per violation, in addition to other penalties that may be imposed by the Court, as the Court deems necessary and proper.

7.2 It is agreed that, in the event that the Attorney General believes that Audio Telecom, Inc. has violated this Journal Entry in any way, he will first contact Audio Telecom, Inc. and advise the company of the manner in which he believes the violation has occurred, and give the company 30 days to cure any violation. However, the Attorney General is not prevented from seeking injunctive relief during the cure period, should such relief be deemed necessary.

8. COURT COSTS

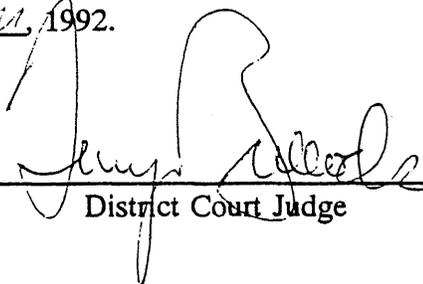
8.1 Audio Telecom, Inc. shall be responsible for payment of all court costs associated with this action.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the stipulations and agreements of the parties contained herein are adopted and approved as the findings of the Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to K.S.A. 1991 Supp. 50-632(b), the Court hereby approves the terms of this Journal Entry and adopts the same as the Order of this Court.

IT IS SO ORDERED.

ENTERED this 11th day of December, 1992.



District Court Judge

APPROVED FOR ENTRY:

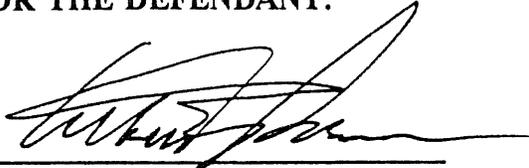
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