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DISTRICT COURT  
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GENERAL JURISDICTION  
TOPEKA, KANSAS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS  
Division \_\_\_\_\_

STATE OF KANSAS, *ex rel.*  
CARLA J. STOVALL, Attorney General

Plaintiff,

vs.

LEONARD G. POTILLO III,  
d/b/a CORPORATE FINANCIAL,

Defendant.

Case No. 000

Petition Pursuant to K.S.A. Chapter 60

**JOURNAL ENTRY OF CONSENT JUDGMENT**

NOW on this 15<sup>th</sup> day of August, 2000, Plaintiff's Petition for Approval of Consent Judgment comes before the Court pursuant to K.S.A. §50-632(b). Plaintiff, the State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through James J. Welch, Assistant Attorney General. Defendant Leonard G. Potillo III, d/b/a Corporate Financial, appears pro se.

Whereupon, the parties advise the Court that they have stipulated and agree to the following matters:

1. Carla J. Stovall is the Attorney General of the State of Kansas.
2. The Attorney General's authority to bring this action is derived from the statutory and common law of the State of Kansas, specifically the Kansas Consumer Protection Act,

K.S.A. §50-623 *et seq.* and the Credit Services Organization Act, K.S.A. §50-1101 *et. seq.*, and the Credit Repair Organizations Act, 15 U.S.C. §1679 *et. seq.*

3. Defendant Leonard G. Potillo III, d/b/a Corporate Financial is an individual residing at 1825 Concord Lane, Manhattan, Kansas 66502, and the owner and operator of Corporate Financial. The business uses addresses of: (1) 200 Westport Road #45495, Kansas City, MO 64111; (2) 500 Leavenworth, P.O. Box 1811, Manhattan, Kansas 66505; and (3) P.O. Box 354, Route 516, Old Bridge, New Jersey 08857.

4. Defendant Leonard G. Potillo III may be served with process at their last known address, 1825 Concord Lane, Manhattan, Kansas 66502, or to any of the above addresses, or wherever in Kansas he may be found.

5. Defendant is a supplier within the definition of K.S.A. §50-624(i) and the operator of a credit services organization, as defined by K.S.A. §50-1101(a), and of a credit repair organization, as defined by 15 U.S.C. §1679a(2). Defendant has engaged in consumer transactions in Kansas within the definition of K.S.A. §50-624(c) and (h).

6. Defendant admits the Court has personal and subject matter jurisdiction over the parties.

7. Defendant stipulates and waives any objection to venue in Shawnee County.

8. Defendant operates as a Credit Services Organization, as defined by K.S.A. §50-1101 *et seq.* and a credit repair organization, as defined by 15 U.S.C. §1679a(2), due to the fact that a substantial part of Defendant's services involve assisting consumers in improving their credit records and/or in obtaining extensions of credit for such consumers.

9. The Attorney General alleges and Defendant admits Defendant engaged in the following acts and practices which are deceptive and/or unconscionable and violate the Kansas Consumer Protection Act:

a. Defendant operates as a credit services organization, as defined in K.S.A. §50-1102, due to the fact that a substantial part of defendant's services involve

assisting consumers in improving their credit records and in obtaining extensions of credit for such consumers. Defendant has charged consumers for services, including \$29.95 application, before completing performance agreed upon without filing a surety bond in the amount of \$25,000.00 with the Kansas Consumer Credit Commissioner, in violation of K.S.A. §50-1103 and K.S.A. §50-1104. This is also in violation of K.S.A. §50-626(b), in that a violation of the Credit Services Organization Act is deceptive and a violation of the Kansas Consumer Protection Act, pursuant to K.S.A. §50-1111. Such failure to complete performance the service which the credit repair organization has agreed to perform for consumers before accepting payment from consumers is in violation of 15 U.S.C. §1679b(b).

- b. Defendant advertised, or caused to be advertised from within the state of Kansas, the services of a credit services organization without filing a registration statement with the consumer credit commissioner, in violation of K.S.A. §50-1103(f). This is also in violation of K.S.A. §50-626(b), in that a violation of the Credit Services Organization Act is deceptive and a violation of the Kansas Consumer Protection Act, pursuant to K.S.A. §50-1111.
- c. Defendant operates as a credit services organization; however, Defendant has failed to provide consumers/buyers with a disclosure statement containing all required information, in violation of K.S.A. §50-1106 and 15 U.S.C. §1679c, and have, therefore, failed to provide the same to consumers, in violation of 15 U.S.C. §1679e. This is also in violation of K.S.A. §50-626(b), in that a violation of the Credit Services Organization Act is deceptive and a violation of the Kansas Consumer Protection Act, pursuant to K.S.A. §50-1111.
- d. Defendant failed to provide written contracts which met the requirements set out by 15 U.S.C. §1679d, which include an estimate of the date by which the

performance of the services will be complete or the length of time necessary to perform such services.

- e. Defendant has failed to provide a notice of cancellation to consumers/buyers, in violation of K.S.A. §50-1107 and of 15 U.S.C. §1679e. This is also in violation of K.S.A. §50-626(b), in that a violation of the Credit Services Organization Act is deceptive and a violation of the Kansas Consumer Protection Act, pursuant to K.S.A. §50-1111.
- f. Defendant's advertisements include a statement that there is a "100% Money Back Guarantee" available to consumers/buyers, if they should decide to cancel; however, Defendant fail to disclose that such guarantee is contingent upon consumers/buyers providing Defendant with ten (10) letters of rejection within thirty (30) days, in which time for such letters of rejection to be obtained is grossly unrealistic. This is an unconscionable attempt to exclude, modify, or otherwise limit the implied warranties of Defendants' services and/or any remedy provided by law for a breach of the same, in violation of K.S.A. §50-627(b)(7). Such waiver is void, further, in violation of K.S.A. §50-1108. This is also in violation of K.S.A. §50-626(b), in that a violation of the Credit Services Organization Act is deceptive and a violation of the Kansas Consumer Protection Act, pursuant to K.S.A. §50-1111.
- g. Defendant represents to consumers, through advertisements, that virtually everyone is guaranteed assistance from Defendant regardless of "bad credit, little or no credit, slow payments, or inexperience." Such representation, in the offer and sale of the services of a credit services organization without a clearly disclosure of the eligibility requirements for obtaining an extension of credit is deceptive and in violation of K.S.A. §50-1103(c). This is also in violation of K.S.A. §50-626(b), in that a violation of the Credit Services Organization Act is

deceptive and a violation of the Kansas Consumer Protection Act, pursuant to K.S.A. §50-1111.

10. Defendant voluntarily admits liability and agrees to this Consent Judgment without trial or adjudication of any issue of fact or law.

11. Defendant agrees to refrain from and to be permanently enjoined from engaging in those acts and practices alleged to be deceptive or unconscionable in paragraph nine (9) of this Consent Judgment, and Defendant agrees that engaging in such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Order.

12. The provisions of this Consent Judgment will be applicable to Defendant, and every employee, agent or representative of Defendant.

13. Defendant agrees to make available and disclose the provisions of this Consent Judgment to its employees, agents and representatives within five days of signing the Consent Judgment.

14. Defendant agrees to resolve any future complaints filed with the Office of the Attorney General regarding Defendant after the date of this Consent Judgment to the satisfaction of the Attorney General within 30 days of the date such complaint is forwarded to Defendants for resolution.

15. Defendant agrees to refund all consumers listed in Exhibit A in the amounts such consumers have paid to Defendants, as listed in Exhibit A. Such refunds shall be made, payable to each consumer listed in Exhibit A, and delivered to the Attorney General of the State of Kansas at the time of Defendants' signing of this Consent Judgment.

16. Defendant agrees to close all mailboxes used in the operation of Corporate Financial, specifically those located at: (1) 200 Westport Road #45495, Kansas City, MO 64111; (2) 500 Leavenworth, P.O. Box 1811, Manhattan, Kansas 66505; and (3) P.O. Box 354, Route 516, Old Bridge, New Jersey 08857. In addition, Defendant agrees to cease all

operations of the website promoting the business, specifically, [www.corpfinancial.com/security.htm](http://www.corpfinancial.com/security.htm).

17. Defendant agrees to be permanently enjoined from entering into, forming, organizing or reorganizing into any partnership, corporation, sole proprietorship or any other legal structures, for the purpose of avoiding compliance with the terms of this Consent Judgment.

18. Defendant agrees to pay \$3,000, pursuant to K.S.A. §50-632, to the "Office of the Attorney General" of the State of Kansas. Payment of \$1,000 shall be made by cashiers and shall be delivered to the Attorney General of the State of Kansas at the time of Defendant's signing of this Consent Judgment and shall continue in payments of \$300.00 per month beginning September 16, and continuing on the sixteenth of every month until paid in full.

19. Defendant agrees to pay all expenses and reasonable attorney's fees in connection with the collection of any amounts in this judgment, provided Defendant does not pay the amounts as agreed herein within the time frame stated.

20. Defendant agrees to maintain all business records for a period of five years and to allow the Attorney General to inspect all of Defendant's business records in the future.

21. Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Consent Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of violations thereof.

22. If any portion, provision, or part of this Consent Judgment is held to be invalid, unenforceable, or void for any reason whatsoever, that portion shall be severed from the remainder and shall not affect the validity or enforceability of the remaining provisions, portions or parts.

23. Compliance with this Consent Judgment does not relieve Defendant of any obligation imposed by applicable federal, state, or local law, nor shall the Attorney General be precluded from taking appropriate legal action to enforce civil or criminal statutes under her jurisdiction.

24. The parties understand that this Consent Judgment shall not be construed as an approval of or sanction by the Attorney General of the business practices of Defendant nor shall Defendant represent the decree as such an approval. The parties further understand that any failure by the State of Kansas or by the Attorney General to take any action in response to any information submitted pursuant to the Consent Judgment shall not be construed as an approval of or sanction of any representations, acts or practices indicated by such information, nor shall it preclude action thereon at a later date.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved as the findings of fact and conclusions of law of the Court and any monies owed hereunder by Defendants immediately become a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendant in favor Plaintiff in the amount of \$ 3,000.

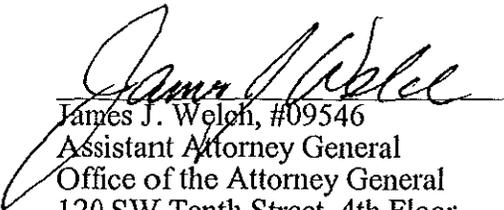
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. §50-632(b), the Court hereby approves the terms of the Consent Judgment and adopts the same as the order of the Court.

IT IS SO ORDERED.

/s/ Hon. Teeey Bullak  
DISTRICT COURT JUDGE

Approved by:

Carla J. Stovall by John Campbell  
Carla J. Stovall, #11433  
Attorney General



James J. Welch, #09546  
Assistant Attorney General  
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Attorney for Plaintiff



Leonard G. Potillo III, individually and  
d/b/a Corporate Financial  
1825 Concord Lane  
Manhattan, Kansas 66502

Defendant