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CENTRAL JURISDICTION
TOPEKA, KANSAS

Kristy L. Hiebert, #14716
Assistant Attorney General
Office of the Attorney General
120 W. Tenth Street, 2nd Floor
Topeka, Kansas 66612-1597
(785) 296-3751

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 7

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

Plaintiff,

vs.

QWEST COMMUNICATIONS CORPORATION
and LCI INTERNATIONAL TELECOM CORP.,
d/b/a QWEST COMMUNICATIONS SERVICES

Defendants.

Case No. 00 C 1527

(Pursuant to K.S.A. Chapter 60)

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 21st day of November, 2000, the Petition for Approval of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). The Plaintiff, the State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through Kristy L. Hiebert, Assistant Attorney General. Defendants Qwest Communications Corporation and LCI International Telecom Corp. (hereinafter referred to as "Qwest", "LCI" or "Defendants" respectively) appear by and through Jennifer P. Kyner, Armstrong Teasdale, LLP, Kansas City, Missouri.

WHEREUPON the parties advise the Court that they have stipulated and agreed to the following:

PARTIES, JURISDICTION AND VENUE

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.*

3. Defendant Qwest is a foreign corporation organized under the laws of the State of Delaware. The principal office of the corporation is located at 700 Qwest Tower, 555 Seventeenth Street, Denver, Colorado 80202. Qwest applied with the Kansas Secretary of State for authority to do business in Kansas in September 1994, as Southern Pacific Telecommunications Company, by filing a Foreign Corporation Application.

4. Defendant Qwest obtained a Certificate to provide interexchange telecommunications services in Kansas from the Kansas Corporation Commission in January 1995, as Southern Pacific Telecommunications Company. In August 1995, the Commission approved Southern Pacific changing its name to Qwest Communications Corporation.

5. Defendant LCI was a foreign corporation organized under the laws of the State of Delaware. The principal office of the corporation was located at 4650 Lakehurst Ct, Dublin, Ohio 43016. LCI applied with the Kansas Secretary of State for authority to do business in Kansas in October 1991, by filing a Foreign Corporation Application.

6. Defendant LCI obtained a Certificate to resell telecommunications services in Kansas from the Kansas Corporation Commission in April 1992, under the name of LiTel Telecommunications Corporation d/b/a LCI International. In November 1994, LCI was granted a Certificate to provide both operator services and interexchange carrier services.

7. Each of the Defendants' representatives signing this Journal Entry of Consent Judgment warrants that the representative has been duly authorized by the Defendant, for whom the representative appears to be acting, to enter and execute this Journal Entry of Consent Judgment on behalf of such Defendant.

8. Defendants stipulate and admit that the Court has subject matter jurisdiction over this case and *in personam* jurisdiction over the parties.

9. Defendants stipulate and admit that venue is proper in this Court.

10. Defendants are suppliers within the definition of K.S.A. 50-624(i) and engaged in consumer transactions in Kansas within the definition of K.S.A. 50-624(c).

11. Defendants engaged in business as providers of long distance telecommunication services, including both intrastate and interstate service, hereinafter referred to as "long distance service," to Kansas consumers.

12. Defendants control the nature, quality and price of the long distance services provided to its customers.

ALLEGATIONS

13. Beginning at a time unknown to Plaintiff but at least since January 1995, Defendants, through their agents, employees and representatives, have been conducting telemarketing contacts and direct face-to-face contacts with Kansas consumers in an effort to persuade consumers to use their long distance service.

14. The Attorney General alleges that the Defendants, directly or through their third party distributors, engaged in the following acts and practices:

- a. Switching consumers' long distance telephone service to the Defendants' service without their proper authorization, otherwise known as "slamming";

- b. Forging consumers' signatures on Defendants' "Authorization to Change Long Distance Carrier";
- c. Misrepresenting Defendants' "Fly Free America" program in telemarketing contacts;
- d. Failing to provide free airline tickets as promised in return for switching to Defendants' long distance service;
- e. Misrepresenting Defendants' rates and calling plans in telemarketing contacts.

15. The Attorney General alleges that the acts and practices described in paragraph fourteen (14) herein are deceptive and unconscionable acts and practices in violation of Kansas Statutes Annotated (K.S.A.) 50-626, 50-627, 50-6,103 (K.S.A. 1999 Supp.), 50-676 and 50-677, in that Defendants, their agents or representatives:

- a. Engaged in activity, conduct or representations while soliciting changes in consumers' telecommunications carriers to the Defendants' service that had the capacity to mislead, deceive or confuse the consumers;
- b. Submitted orders to change consumers' telecommunications carriers to the Defendants' service without having obtained the express authorization of the consumers authorized to make the change and recapturing or switching consumers back to the Defendants' service without the consumers' authorizations after they switch away from the Defendants;
- c. Made representations knowingly or with reason to know that the services had a sponsorship, approval, accessories, characteristics, ingredients, uses, benefits or quantities that they did not have;
- d. Committed violations of the consumer protection act against elderly consumers.

16. This Consent Judgment is entered into for settlement purposes only, and Defendants do not admit to any of the practices set forth in paragraphs fourteen (14) and fifteen (15) herein, or to any violation of state or federal law, rule, or regulation, wrongdoing, or liability of any kind on its part or on the part of any of Qwest's officers, directors, agents, employees, representatives, independent contractors, marketers, or assigns.

17. Defendants agree to this Consent Judgment without trial or adjudication of any issue of fact or law.

INJUNCTIVE RELIEF

18. Defendants agree to refrain from, and to be permanently enjoined from, engaging in those acts and practices set forth in paragraphs fourteen (14) and fifteen (15) herein and Defendants agree that engaging in any such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Consent Judgment.

19. Defendants agree to be permanently enjoined from switching a consumer's current long distance service to the Defendants' service and from switching a consumer back that has switched away from the Defendants (recapture), without having obtained the consumer's express authorization to make the change as defined in K.S.A. 50-6,103 (K.S.A. 1999 Supp.) and the Defendants shall, at a minimum, comply with all Federal laws, statutes, rules and regulations, including but not limited to 47 C.F.R. 64.1150, as they now exist or as amended in the future and all Kansas laws, statutes, rules and regulations, as they now exist or as amended in the future.

20. Defendants agree 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 or this Consent Judgment.

21. Defendants agree to make available and/or disclose the provisions of this Consent Judgment to each officer, director and employee of management level that is involved in Kansas operations of the Defendants within thirty (30) days of signing the Consent Judgment.

22. Defendants agree to maintain all records of authorization to switch long distance service of Kansas consumers for a period of two years and to allow the Attorney General to inspect such records in the future.

CONSUMER RESTITUTION

23. Defendants agree to provide a full refund or credit for each consumer in Exhibit 1; attached hereto and incorporated herein as though fully set forth herein, to the extent such full refund or credit has not already been received by each consumer from the Defendants. Any refunds shall be provided to the Office of the Attorney General in checks made payable to such consumers within ten (10) days of signing this Consent Judgment. If the complainant has not paid the Defendants and has outstanding bills, the Defendants will credit the account so that it has a zero balance. The Defendants will also reimburse such complainants for any switching charges incurred. The Defendants also agree that no negative credit information has been or will be reported to any credit reporting agency for nonpayment of a bill from the Defendants for such complainants. The Defendants agree to take all action necessary to remove and correct any negative information already reported related to a switch by the Defendants and subsequent billing for such complainants, and agree to forego any collection of present outstanding amounts owed to the Defendants by such complainants.

24. Defendants agree to provide, within ten (10) days of signing this Consent Judgment, an affidavit signed by an officer of Qwest which acknowledges that all action required in paragraph twenty-three (23) herein has been taken by the Defendants and which provides a listing of the refund/credit amounts provided to each consumer listed in Exhibit 1.

25. For any complaints filed with or supplied to the Office of the Attorney General within ninety (90) days of the entry of this Consent Judgment, which complaints are meritorious as determined by the Office of the Attorney General, regarding a switch of long distance services occurring prior to the date of this Consent Judgment, the Defendants agree to resolve such complaints by providing relief consistent with the type of relief provided to consumers in paragraph twenty-three (23) above or as provided under federal or state law, whichever provides the greatest relief for the consumer.

INVESTIGATIVE FEES AND CIVIL PENALTIES

26. Defendants agree to pay to the "Office of the Attorney General" of the State of Kansas \$350,000 for investigation fees and expenses and other consumer protection purposes pursuant to K.S.A. 50-632. Payment shall be made by a cashier's check and shall be delivered to the Attorney General of the State of Kansas at the time of signing the Consent Judgment.

OTHER PROVISIONS

27. The provisions of this Consent Judgment will be applicable to the Defendants, and every employee, agent or representative of the Defendants.

28. 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.

29. 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.

30. Compliance with this Consent Judgment does not relieve the Defendants 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. The parties agree that this Consent Judgment constitutes a full and final resolution of all claims relating to the acts and practices alleged to be deceptive or unconscionable under the Kansas Consumer Protection Act in paragraphs fourteen (14) and fifteen (15) up to the date of the signing of this Consent Judgment. The Kansas Attorney General agrees that she and her office will not pursue any claims, demands or civil cause of action under the Kansas Consumer Protection Act against Defendants for the acts and practices alleged to be deceptive and/or unconscionable in paragraphs fourteen (14) and fifteen (15) of this Consent Judgment up through the date of the signing of this Consent Judgment, excepting only any action which may be required to enforce the provisions of this Consent Judgment.

31. 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 the Defendants nor shall the Defendants 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.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendants and in favor of Plaintiff in the amount of \$350,000.

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.

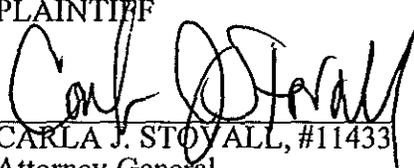
IT IS SO ORDERED.



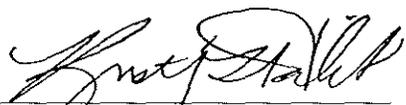
DISTRICT COURT JUDGE

Approved by:

PLAINTIFF



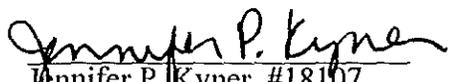
CARLA J. STOVALL, #11433
Attorney General



Kristy L. Hiebert, #14716
Assistant Attorney General
Kansas Judicial Center, 301 W. 10th
Topeka, Kansas 66612-1597
(785) 296-3751

Attorneys for Plaintiff

DEFENDANTS


Jennifer P. Kyner, #18107
Armstrong Teasdale, LLP
2345 Grand Boulevard, Suite 2000
Kansas City, MO 64108
(816) 221-3420

Attorney for Defendants

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