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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS  
DIVISION 12

STATE OF KANSAS, *ex rel.* )  
STEPHEN N. SIX, )  
ATTORNEY GENERAL, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
CIGTEC TOBACCO, LLC, )  
 )  
Defendant. )

Case No. 08-C-988

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

**JOURNAL ENTRY OF DEFAULT JUDGMENT**

NOW on this 21<sup>st</sup> day of Oct., 2008, this matter comes before the Court on Plaintiff's Motion for Default Judgment. Plaintiff appears through counsel, Nick Hale, Assistant Attorney General. Defendant appears not. There are no other appearances.

WHEREUPON, the Court, having reviewed the court file in this matter and being duly advised in the premises, finds and concludes as follows:

1. Plaintiff's Petition to Enforce was filed July 7, 2008.
2. Defendant's registered agent in Virginia, Ian Titley, was served with Summons and Petition via certified mail, return receipt delivery, at 5249 Cobblers Stone Court, Glen Allen, Virginia 23059, pursuant to K.S.A. 60-304(e), on July 12, 2008.

3. Defendant was additionally served with Summons and Petition via personal service upon the Kansas Secretary of State's Office, pursuant to K.S.A. 60-304(f), on August 13, 2008.
4. Over sixty (60) days have past since each different service on Defendant.
5. Defendant has failed to file an Answer within twenty (20) days as required by K.S.A. 60-212(a), and has otherwise failed to appear in this action.
6. Pursuant to Shawnee County District Court Rule 3.202(b), Defendant has been allowed ten (10) days and has failed to respond to Plaintiff's Motion and Memorandum for Default Judgment even though, although not required, it was served with a copy of the Motion by first class USPS mail sent to Defendant's principal place of business.
7. Defendant is in default.
8. The Petition filed herein requests this Court to declare to be a knowing violation Defendant's failure to comply with the Requirements for Sales of Cigarettes ("the Act") by failing to become a participating manufacturer or establishing a qualified escrow account in the full amount of \$1,545,517.72 for the benefit of the State of Kansas for 2002 cigarette sales and failing to certify compliance with the Attorney General.
9. On April 17, 2003, Defendant deposited \$251,529.17 into a qualified escrow account for its 2002 sales, leaving an outstanding balance of \$1,293,988.55. The Petition filed herein requests this Court to order Defendant to place within fifteen (15) days required remaining funds of \$1,293,988.55 for 2002 cigarette sales into

a qualified escrow account as shall bring it into compliance with the Act, and certify its compliance to the Attorney General.

10. The Petition filed herein requests this Court to find a knowing violation of the Act and require Defendant to pay a civil penalty of \$3,881,965.65 for 2002 cigarette sales.
11. The Petition filed herein requests this Court to declare Defendant's 2002 violation to be a second knowing violation of the Act and prohibit Defendant from selling cigarettes to consumers in the State of Kansas, whether directly or through a distributor, retailer or similar intermediary, for two years.
12. The Petition requests this Court to order Defendant to pay all court costs and attorney's fees incurred by the State in the presentation of this action. K.S.A. 50-6a03(b)(3).

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Plaintiff's Motion for Default Judgment is granted;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant place a total of \$1,293,988.55 in a qualified escrow fund within fifteen (15) days;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant's 2002 violation is a knowing violation;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant pay civil penalties in total of \$3,881,965.65;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant is prohibited from selling cigarettes to consumers in the State of Kansas, whether directly or through a distributor, retailer or similar intermediary, for two years;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant pay all court costs and attorney's fees incurred by Plaintiff in the presentation of this action in the amount of \$2,250.00.

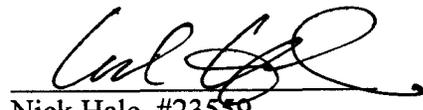
IT IS SO ORDERED.



Hon. David E. Bruns  
District Judge

Prepared by:

OFFICE OF ATTORNEY GENERAL  
STEVE SIX



Nick Hale, #23559  
Assistant Attorney General

Attorney for Plaintiff