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TOPEKA, KS

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**IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 7**

STATE OF KANSAS, *ex rel.*,
STEVE SIX, Attorney General,

Plaintiff,

v.

FREEDOM FINANCIAL MANAGEMENT, INC.

Defendant.

Case No. 10 C 866

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

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 18th day of July 2010, Plaintiff's Journal Entry of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). Plaintiff, the State of Kansas, *ex rel.*, Steve Six, Attorney General, appears by and through Tai J. Vokins, Assistant Attorney General. Defendant appears by and through Leonard Frischer, Frischer and Associates.

I. Background

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

1. Steve Six 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 Freedom Financial Management, Inc. is a corporation registered with the Florida Secretary of State.
4. Defendant Freedom Financial Management, Inc. is not registered with the Kansas Secretary of State as a foreign corporation.
5. Defendant engages in consumer transactions that include, but are not limited to debt management, debt settlement and consumer credit repair services.
6. Defendant is a “supplier” as that term is defined by K.S.A. 50-624(j).
7. Defendant is a “credit services organization” as that term is defined by K.S.A. 50-1116.
8. Defendant is a “debt management service” as that term is defined by K.S.A. 50-1116(d).
9. The Court has personal and subject matter jurisdiction over the parties for the sole purpose of entering into this Consent Judgment and any subsequent enforcement thereof.

II. Plaintiff’s Allegations

10. The Plaintiff alleges Defendant engaged in the following deceptive and unconscionable acts and practices in violation of the Kansas Consumer Protection Act:
 - a. Defendant, in the course of consumer transactions, in both oral and written representations, claimed that its services had accessories, characteristics and benefits that it did not have in violation of K.S.A. 50-626(b)(1)(A).
 - b. Defendant, in the course of consumer transactions, in both oral and written representations, and by doing business in the state of Kansas as an unlicensed credit services organization, is in violation of K.S.A. 50-1132 which is a violation of K.S.A. 50-626(a).

III. Defendant's Denial

11. Pursuant K.S.A. 50-632, Defendant denies every allegation contained in this consent judgment. Defendant's entering into this consent judgment is in no way an admission of any fact or claim alleged by Plaintiff.

IV. Injunctive Terms

12. Defendant voluntarily agrees to all terms of this Consent Judgment without trial or adjudication of any issue of fact or law.

13. Defendant agrees to be permanently enjoined from engaging in consumer transactions in Kansas as a "supplier" as that term is defined by K.S.A. 50-624(j). Engaging in business as a supplier shall constitute a violation of this Consent Judgment and civil penalties will be imposed for each violation as provided by K.S.A. 50-636(b).

14. Defendant agrees to be permanently enjoined from operating as a "credit services organization" in Kansas as that term is defined by K.S.A. 50-1117(c). Engaging in business as a credit services organization shall constitute a violation of this Consent Judgment and civil penalties will be imposed for each violation as provided by K.S.A. 50-636(b).

15. Defendant agrees to be permanently enjoined from operating as a "debt management service" in Kansas as that term is defined by K.S.A. 50-1117(d).

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

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

18. 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.

V. Monetary Terms

19. In addition to the injunctive terms, Defendant agrees to the entry of judgment pursuant to K.S.A. 50-632 and agrees to pay this judgment based on the terms outlined in this judgment.

20. Pursuant to K.S.A. 50-632, Defendant shall pay \$50,000.00 in the form of cashier's checks, money orders or other certified funds payable to the Kansas Attorney General's Office in seven installments as follows:

- a. June 15, 2010, \$7,142.86;
- b. July 15, 2010, \$7,142.86;
- c. August 15, 2010, \$7,142.86;
- d. September 15, 2010, \$7,142.86;
- e. October 15, 2010, \$7,142.86
- f. November 15, 2010, \$7,142.86;
- g. December 15, 2010, \$7,142.84.

21. For payments outlined in paragraph 20, cashier's checks, money orders or other certified funds shall be mailed to:

Kansas Attorney General's Office
ATTN: Tai J. Vokins, Assistant Attorney General
120 SW 10th Ave, 2nd Floor
Topeka, Kansas 66612

22. Pursuant to K.S.A. 50-632, Defendant agrees pay restitution in the amount of \$176,103.35. This payment shall constitute restitution to all consumers in Kansas that have engaged in consumer transactions with Defendant.

23. To satisfy the restitution requirement of this judgment, Defendant shall make seven monthly installment payments to the consumers listed in Exhibit A beginning June 15, 2010 until all restitution is paid. *See* Consumer Restitution Recipients attached and incorporated to this document as Exhibit A. Restitution payments shall be made directly to consumers on or before the 15th of each month until all restitution is paid.

VI. Reporting Requirements

24. Defendant shall provide the Kansas Attorney General's office a report consisting of an accounting of all restitution paid to consumers on the 15th of each month until all consumer restitution has been paid pursuant to the terms of this Consent Judgment. Each report shall contain the following:

- a. an accounting of the total restitution paid to consumers up to and including the date of each report;
- b. a detailed spreadsheet that shows the running totals of the amounts each consumer is owed;
- c. the date each consumer was sent a restitution payment and the amount sent;
- d. the total amount of restitution due to each consumer.

25. Defendant shall send a letter to each consumer that is due restitution pursuant to the terms of this judgment that informs the consumer that he/she will be receiving restitution payments, indicates the payment schedule in which restitution payments shall arrive, and that this restitution is to be paid to the consumer subject to the terms of this Consent

Judgment entered into with the Kansas Attorney General's Office. The letter shall also indicate the county in which this entry of judgment is filed and the case number that is assigned to this case upon filing.

VII. Other Terms

26. 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 of this Consent Judgment.
27. Jurisdiction is retained by this Court for the purpose of enforcement of compliance this consent judgment, and for the punishment of violations of this Judgment.
28. If any portion, provision, or part of this Consent Judgment is held to be invalid, unenforceable, or void for any reason, that portion shall be severed from the remainder and shall not affect the validity or enforceability of the remaining provisions, portions or parts.
29. 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 his jurisdiction.
30. The parties understand that this Consent Judgment shall not be construed as an approval of or sanction by the Kansas Attorney General of the business practices of Defendant nor shall Defendant represent the decree of such 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 Defendant immediately become a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendant in favor of Plaintiff as outlined herein.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant pay all costs associated with this action.

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.

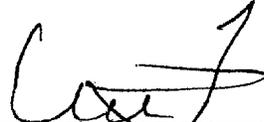

DISTRICT COURT JUDGE

Prepared and Approved by:



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120 SW 10th Street, 2nd Floor
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Attorney for Plaintiff



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