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THIRD JUDICIAL DIST.
TOPEKA, KS *al*

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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 9

STATE OF KANSAS, *ex rel.*
STEVE SIX,
ATTORNEY GENERAL,

Plaintiff,

v.

VENETO, S.A.,

Defendant.

Case No. 09-C-812

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

JOURNAL ENTRY OF DEFAULT JUDGMENT

NOW on this 13 day of Aug., 2009, this matter comes before the Court on Plaintiff's Motion for Default Judgment. Plaintiff appears through counsel, Emily Friedman, 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 May 26, 2009.
2. Defendant's registered agent in Kansas, The Corporation Company, Inc., was served with Summons and Petition via certified mail, return receipt delivery, at



515 S. Kansas Ave., Topeka, Kansas 66603, pursuant to K.S.A. 60-304(e), on June 8, 2009.

3. Defendant was additionally served with Summons and Petition via certified mail upon the company's attorney, Barry Boren, The Law Offices of Barry Boren, 9100 S Dadeland Blvd. Ste. 1809, Miami, FL 33156 pursuant to K.S.A. 60-205(b)(2), on June 2, 2009.
4. Defendant was additionally served with Summons and Petition via certified mail addressed to manager Luiz Constantino Santi at Defendant's principal place of business, KM16A 3500M; De La Rua Internacional #7, Minga Guaza Paraguay on June 29, 2009.
5. Over seventy (70) days have passed since service was had upon Defendant's Registered Agent.
6. Over forty-three (43) days have passed since service on Defendant at its principal place of business.
7. 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.
8. 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 registered agent, attorney, and principal place of business.
9. Defendant is in default.

10. 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 \$35,360.21 for the benefit of the State of Kansas for 2007 cigarette sales and failing to certify compliance with the Attorney General.
11. Defendant made several deposits into a qualified escrow account for its 2007 sales, leaving an outstanding balance of \$5,000. The Petition filed herein requests this Court to order Defendant to place within fifteen (15) days required remaining funds of \$5,000 for 2007 cigarette sales into a qualified escrow account as shall bring it into compliance with the Act, and certify its compliance to the Attorney General.
12. The Petition filed herein requests this Court to find a knowing violation of the Act and require Defendant to pay a civil penalty of \$106,080.63 for 2007 cigarette sales.
13. 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 \$368,178.52 for the benefit of the State of Kansas for 2008 cigarette sales and failing to certify compliance with the Attorney General.
14. The Petition filed herein requests this Court to order Defendant to place within fifteen (15) days required remaining funds of \$368,178.52 for 2008 cigarette sales

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

15. The Petition filed herein requests this Court to find a knowing violation of the Act and require Defendant to pay a civil penalty of \$1,104,535.56 for 2008 cigarette sales.
16. The Petition filed herein requests this Court to declare Defendant's 2008 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.
17. 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 \$373,178.52 in a qualified escrow fund within fifteen (15) days;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant's 2007 violation is a knowing violation;

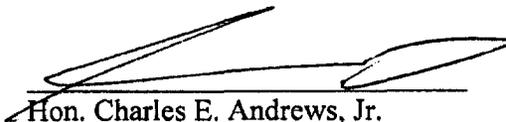
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant's 2008 violation is a second knowing;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant pay civil penalties in total of \$1,210,616.19;

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 \$7,000.

IT IS SO ORDERED.


Hon. Charles E. Andrews, Jr.
District Judge

Prepared by:

OFFICE OF ATTORNEY GENERAL
STEVE SIX


Emily Friedman, # 23697
Assistant Attorney General
Attorney for Plaintiff