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KS. DISTRICT COURT
THIRD JUDICIAL DIST.
TOPIC, KS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS

2011 JAN 24 P 3:16

STATE OF KANSAS, *ex rel.*,)
DEREK SCHMIDT, Attorney General,)
)
Plaintiff,)
)
v.)
)
Team One Promotions, LLC.)
)
Defendant.)

Case No. 09 C 949

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

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 24th day of January, 2011, Plaintiff's Journal Entry of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). The Plaintiff, State of Kansas, *ex rel.* Derek Schmidt, Attorney General, appears by and through Meghan E. Stoppel, Assistant Attorney General. Defendant Team One Promotions, LLC appears through Brian M. Jacques of Sloan, Eisenbarth, Glassman, McEntire and Jarboe, LLC.

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

PARTIES, JURISDICTION AND VENUE

1. Derek Schmidt 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, ("KCPA") K.S.A. 50-623 *et seq.*

3. Defendant Team One Promotions, LLC is a limited liability company organized under the laws of Kansas.

4. Defendant's status was forfeited with the Kansas Secretary of State on July 15, 2009.

5. Defendant has a principal place of business at 3646 SW Plass Avenue in Topeka, Kansas 66611.

6. All references to Defendant herein include acts performed individually, in concert, or by or through employees, agents, representatives, affiliates, assignees and successors.

7. Defendant stipulates and admits that the Court has subject matter jurisdiction over this case and *in personam* jurisdiction over the parties, pursuant to K.S.A. 50-623 *et seq.*

8. Defendant stipulates and admits that venue is proper in this Court.

9. Defendant is a supplier within the definition of K.S.A. 50-624(j).

10. Defendant is engaged in consumer transactions in Kansas within the definition of K.S.A. 50-624(c).

DEFINITIONS

11. "Advertise," "Advertisement," or "Advertising," shall mean any written, oral, graphic, or electronic statement, illustration, or depiction that is designed to create interest in the purchasing of, impart information about the attributes of, publicize the availability of, or affect the sale or use of, goods or services, whether the statement appears in a brochure, newspaper, magazine, leaflet, mailer, letter, catalogue, poster, billboard, point-of-purchase display, electronic mail, website, homepage, film, radio, television, or any other medium.

12. "Clear and Conspicuous" or "Clearly and Conspicuously," shall refer to a statement that, regardless of the medium in which it is made, is readily understandable and

presented in such size, color, contrast, duration, location, and audibility, as compared to the other information with which it is presented, that it is readily apparent to the person to whom it is disclosed. A clear and conspicuous statement may not contradict or be inconsistent with any other information with which it is presented. If a statement modifies, explains, or clarifies other information with which it is presented, it must be present in close proximity to the information it modifies and in a manner that is readily apparent and understandable.

13. "Consumer," "Client," or "Customer" shall mean any individual, husband and wife, sole proprietor, or family partnership who seeks or acquires property or services for personal, family, household, business or agricultural purposes, as defined in K.S.A 50-624.

14. "Defendant" shall mean Team One Promotions, LLC, its employees, directors, officers, owners, members, managers, parents, agents, assigns, and all other persons or entities acting in concert with them or on their behalf, and their predecessors, subsidiaries, affiliates, and successors.

15. "Represent" means to state or imply, directly or indirectly, through claims, statements, questions, conduct, graphics, symbols, lettering, formats, devices, language, documents, messages, or any other manner or means by which meaning might be conveyed. This definition applies to other forms of the word "represent," including without limitation "representation," "misrepresent," and "misrepresentation."

ALLEGATIONS

16. Defendant is engaged in the advertising and door-to-door solicitation of products and services to consumers throughout the Midwest, including consumers in Kansas.

17. The Plaintiff alleges that Defendant, while offering the aforementioned products and services for sale, engaged in deceptive and unconscionable acts and practices in violation of

the KCPA, specifically, but not limited to, K.S.A. 50-626, 50-627, and 50-640. The Plaintiff alleges the following:

- a. Defendant knowingly made false or misleading representations of fact concerning the condition of Defendant's products, specifically that such products were new and not used, in violation of K.S.A. 50-626(b)(1)(C);
- b. Defendant knowingly made false or misleading representations of fact concerning the existence of price reductions, or the price of Defendant's products in comparison to Defendant's own prices at a past or future time, in violation of K.S.A. 50-626(7);
- c. Defendant used high pressure sales tactics in the door-to-door solicitation of Kansas consumers, in violation of K.S.A. 50-627(a);
- d. Defendant failed to inform each consumer orally, at the time of purchase, of the consumer's right to cancel the transaction within three days, in violation of K.S.A. 50-640(b)(5);
- e. Defendant misrepresented the consumer's right to cancel the transaction, by telling consumers they had more than three days to cancel the transaction, in violation of K.S.A. 50-640(b)(6);
- f. Defendant failed to return consumers' property within ten days of receiving cancellation notices from the consumers, in violation of K.S.A. 50-640(b)(7);
- g. Defendant negotiated, transferred, sold or assigned retail installment sales contracts to a finance company, Preferred Credit, Inc., prior to midnight of the fifth business day following the day consumer purchased products from Defendant, in violation of K.S.A. 50-640(b)(8);
- h. Defendant repeatedly failed to respond to investigative inquiries and subpoenas issued by the Attorney General, while engaging in business practices in violation of a Temporary Restraining Order issued by this Court on July 10, 2009;
- i. Defendant destroyed all documents related to its business operations prior to July 2009, while under a subpoena issued by the Attorney General on April 21, 2009.

18. Defendant agrees to this Consent Judgment without trial or adjudication of any issue of fact or law solely for the purposes of settlement.

INJUNCTIVE RELIEF

19. Defendant agrees to refrain, and to be permanently enjoined, from engaging in those acts and practices set forth in paragraph seventeen (17) herein and Defendant agrees that engaging in any such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Consent Judgment.

20. Defendant agrees to cooperate with the Office of the Kansas Attorney General in investigating and remedying any complaints filed with the Consumer Protection Division pertaining to the KCPA. Specifically, Defendant agrees to respond within fifteen (15) days of receiving any complaint, investigative inquiry, or subpoena issued by the Attorney General.

21. Defendant shall implement policies and procedures by which all employees or independent contractors acting on behalf of Defendant will be trained in, and required to abide by, specific measures to expediently and appropriately address the following areas:

- a. prior to entering into or accepting payment under any sales contract, a clear and conspicuous explanation of Defendant's refund and cancellation policies;
- b. the intake and prompt processing of consumer complaints and requests for refunds;
- c. the retention of property traded-in by consumers, and the return of such property following a consumer's request for cancellation.

22. Defendant agrees to refrain, and to be permanently enjoined, from misrepresenting, directly or indirectly, in its advertising, promotional materials, sales presentations, or in any manner:

- a. the condition of Defendant's products;
- b. the existence of any price reduction;
- c. the price of Defendant's products in comparison to Defendant's own prices at a past or future time;

- d. the consumer's right to cancel the transaction;
- e. the timeframe within which the consumer must request cancellation of the transaction.

23. Defendant agrees to refrain, and to be permanently enjoined, from making oral representations or using advertisements that, directly or indirectly, contradict terms or language contained in Defendant's written contracts with consumers.

24. Defendant agrees to maintain complete and accurate records of all consumer transactions for a period of at least two (2) years following the date of each transaction.

25. Defendant agrees to maintain complete and accurate records of any complaints or refund requests received from consumers and, upon request by the Attorney General, shall provide a current, full and accurate list of such complaints or refund requests to the Attorney General that includes: the consumer's name; address; nature of complaint; date of complaint or refund request; date of resolution or refund (if applicable).

26. Defendant agrees to respond to all consumer complaints in good faith and in a reasonable, timely manner.

27. 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 or this Consent Judgment.

28. Defendant agrees to make available and/or disclose the provisions of this Consent Judgment to each officer, director, member, manager, employee, agent, independent contractor and representative having responsibilities with respect to the subject matter of this Consent Judgment within ten (10) days of signing the Consent Judgment, or within fifteen (15) days after any person assumes such position or responsibilities.

CIVIL PENALTIES & INVESTIGATIVE FEES

29. Defendant agrees to pay to the Office of the Kansas Attorney General twelve thousand five hundred dollars (\$12,500.00) in investigative fees and seven thousand, five hundred dollars (\$7,500.00) in civil penalties, pursuant to K.S.A. 50-632 and 50-636.

30. Defendant agrees to pay the aforementioned fees and penalties in six (6) installments as follows:

- a. Defendant shall pay \$3,350.00 to the Office of the Kansas Attorney General on February 15, 2011.
- b. The remaining \$16,650.00 shall be paid in five (5) equal installments of \$3,330.00, due on or before the following dates: March 15, 2011; April 15, 2011; May 15, 2011; June 15, 2011; and July 15, 2011.

31. Payment shall be made in the form of a cashier's check, money order or check disbursed through an attorney's trust account, payable to the Office of the Kansas Attorney General, mailed to:

Office of the Kansas Attorney General
ATTN: Meghan E. Stoppel, Assistant Attorney General
120 SW 10th Ave, 2nd Floor
Topeka, Kansas 66612

32. Defendant agrees that pursuant to 11 U.S.C. 523(a)(2)(A) and (a)(7), and due to the nature of the conduct underlying this settlement, any unpaid penalties and/or fees shall not be dischargeable in any bankruptcy proceeding commenced after the entry of this Consent Judgment.

33. All unpaid penalties and/or fees shall be immediately due and owing upon the sale of Team One Promotions, LLC, or on the sale of the majority of its assets, or on a merger with another entity.

OTHER PROVISIONS

34. The provisions of this Consent Judgment will be applicable to Team One Promotions, LLC and Great Plains Team, LLC. Defendant and Great Plains Team, LLC share the same principal place of business and engage in identical door-to-door solicitations in Kansas.

35. 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.

36. 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.

37. Compliance with this Consent Judgment does not relieve the 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.

38. 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 Defendant nor shall the 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.

39. Each of the Defendant's 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 the Defendant. Defendant further represents that they have had an opportunity to consult with and obtain the advice of private legal counsel prior to entering into this Consent Judgment.

40. The injunctive terms of this Consent Judgment shall expire two (2) years from the entry of this Judgment.

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 and in favor of Plaintiff in the amount of \$12,500.00 in investigative fees and \$7,500.00 in civil penalties.

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

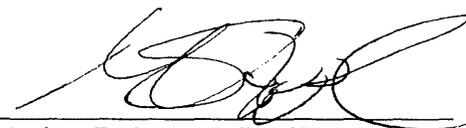
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. 50-632(b), the court hereby approves the terms of the Consent Judgment and adopts the same as the Order of the Court.

IT IS SO ORDERED.


DISTRICT COURT JUDGE

Prepared and approved by:

PLAINTIFF:


Meghan E. Stoppel, #23685
Assistant Attorney General
Office of Kansas Attorney General
120 Southwest 10th Ave., 2nd Floor
Topeka, Kansas 66612
(785) 296-3751
Attorney for Plaintiff

DEFENDANT:


Chad Christianson, Managing Member

Team One Promotions, LLC and
Great Plains Team, LLC



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