

Robert Reynolds KS#27703
Assistant Attorney General
Office of the Kansas Attorney General
120 S.W. 10th Avenue, 2nd Floor
Topeka, Kansas 66612-1597
Tel: (785) 296-3751
Fax: (785) 291-3699
robert.reynolds@ag.ks.gov

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KS. DISTRICT COURT
THIRD JUDICIAL DIST.
TOPEKA, KS

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

STATE OF KANSAS, *ex rel.*)
DEREK SCHMIMDT, Attorney General,)
)
Plaintiff,)
)
v.)
)
ROBERT ARMSTRONG, an individual)
d/b/a)
SCHOLASTIC SCHOOL SUPPLY)
)
Defendant.)

Case No. 2015-CV-11

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 10th day of NOV, 2018, the parties' 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 Robert Reynolds, Assistant Attorney General.

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

PARTIES, JURISDICTION AND VENUE

1. Derek Schmidt is the duly elected, qualifying and acting Attorney General for 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 False Claims Act (“KFCA”) K.S.A. 75-7501 *et seq.*

3. Defendant Robert Armstrong is an individual doing business as Scholastic School Supply with a residential address of 67 Serenity Court, Franklinville, New Jersey 08322.

4. All references to the Defendant herein include acts performed individually, in concert, or by or through employees, directors, officers, owners, managers, agents, assigns, and all other persons or entities acting in concert with them or on their behalf, including their predecessors, subsidiaries, affiliates and successors.

5. Jurisdiction and venue are appropriate in District Court of Shawnee County, Kansas, pursuant to K.S.A. § 75-7504 and K.S.A. 75-7510, respectively.

ALLEGATIONS

6. Plaintiff alleges that the Defendant has acted as a “person” in Kansas, as that term is defined by K.S.A. § 75-7502(d).

7. At all times relevant hereto, Defendant made or caused to be made “claims” for payment, as that term is defined in K.S.A. 75-7502(b).

8. At all times relevant hereto, Defendant has made or caused to be made claims for payment to “political subdivisions” in Kansas, as that term is defined in K.S.A. 75-7502(c).

9. At all times relevant hereto, Defendant “knowingly” made the aforementioned claims for payment, as that term is defined in K.S.A. 75-7502(e).

10. At all times relevant hereto, Defendant did business as Scholastic School Supply, a company that was represented or otherwise portrayed as a textbook retailer.

11. At all times relevant hereto, Defendant sent claims through mail for payment or approval while doing business as Scholastic School Supply.

12. At all times relevant hereto, Defendant sent claims through mail for payment or approval to public schools in Kansas.

13. At all times relevant hereto, Defendant sent claims through mail for payment or approval to public schools within Topeka Public Unified School District 501, Located in Topeka, Shawnee County, Kansas.

14. At all times relevant hereto, Defendant sent claims through mail for payment or approval by and through Postal Permit Number 492.

15. At all times relevant hereto, Postal Permit Number 492 was owned, financed or otherwise associated with the Defendant.

16. At all times relevant hereto, Defendant sent and received mail from the following addresses: 1350 E. Flamingo Road, Suite 820, Las Vegas, Nevada 89119; 284-B Egg Harbor Road, Suite 197, Sewell, New Jersey 08080; and P.O. Box 202, Clayton, New Jersey 08312.

17. Plaintiff alleges that at all times relevant hereto, the Defendant engaged in acts and practices in violation of the Kansas False Claims Act, K.S.A. 75-7501 *et seq.*, which acts and practices include, but are not limited to:

- a. Defendant knowingly presented, or caused to be presented, three hundred and seventeen (317) false or fraudulent claims, that is documents in the form of invoices, for payment or approval to employees, officers or agents of political subdivisions of the State of Kansas, in violation of K.S.A. 75-7503(a)(1).
- b. The Defendant knowingly made, used or caused to be made or used three hundred and seventeen (317) false records or statements, that is documents in the form of invoices, in order to get false or fraudulent claims paid or approved by political subdivisions of the State of Kansas in violation of K.S.A. 75-7503(a)(2).

INJUNCTIVE RELIEF

18. The Defendant agrees that he is permanently enjoined from doing business in the State

of Kansas, including but not limited to: submitting any claims for approval, as defined by K.S.A. 75-7503; engaging in consumer transactions, pursuant to K.S.A. 50-624(c); engaging in door-to-door sales, pursuant to K.S.A. 50-640; and from violating the Kansas Charitable Organizations Act, pursuant to K.S.A. 17-1760, et seq.

19. The Defendant shall not cause or encourage third parties, nor knowingly permit third parties acting on their behalf, to engage in practices from which the Defendant is prohibited by this Consent Judgment.

20. The Defendant shall not participate, directly or indirectly, in any activity or form a separate entity or corporation for the purpose of engaging in acts or practices which are prohibited in this Consent Judgment or for any other purpose which would otherwise circumvent the spirit or purposes of this Consent Judgment.

21. The Defendant agrees that the terms of this Consent Judgment apply to acts performed individually, in concert, or by or through its employees, agents, representatives, affiliates, assignees and successors.

22. The parties voluntarily agree to this Consent Judgment without trial or adjudication of any issue of fact or law as a compromise settlement of all issues raised herein. It is further understood that the execution of and compliance with this Consent Judgment is not an admission of guilt by Defendant.

MONETARY RELIEF

23. Judgment is hereby entered in favor of plaintiff and against Defendant in the

amount of \$634,000.00 for the payment of civil penalties for violations of the Kansas Consumer Protection Act, pursuant to K.S.A. 75-7503(a). *Provided, however*, this monetary judgment shall be suspended against Defendant as long as the Court makes no finding(s), as provided in the following section of this Consent Judgment titled "Right to Reopen," that Defendant has violated any provision of this Consent Judgment.

RIGHT TO REOPEN

24. Plaintiff's agreement to Suspended Monetary Judgment contained in this Consent Judgment is expressly premised upon Defendant's material compliance with the terms of this Consent Judgment.

25. Defendant's "material compliance" with the terms of this Consent Judgment shall mean material compliance with all of the provisions included in Paragraphs 18-22.

26. If, upon motion by the Attorney General to the Court, the Court finds that the Defendant has violated a material term of this Consent Judgment or falsified information on his sworn financial affidavit, the suspension of the monetary judgment as to the Defendant will be terminated and the entire judgment amount of \$634,000.00 shall become immediately due and payable to the Plaintiff, and interest computed at the rate prescribed under Kansas law, shall begin immediately to accrue on the unpaid balance.

OTHER PROVISIONS

27. 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.

28. 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.

29. Compliance with this Consent Judgment does not relieve Defendant of any obligation imposed by applicable federal, state, or local law, nor shall this Consent Judgment preclude the Plaintiff from taking appropriate legal action to enforce any other statutes under his jurisdiction or from any other Federal or State agency to enforce any other federal, state, or local law under its jurisdiction.

30. The parties understand that this Consent Judgment shall not be construed as an approval of or sanction by the attorney general of the Defendant's business practices, nor shall the Defendant represent the Consent Judgment as such approval. The parties further understand and agree 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 this Consent Judgment shall not be construed to be an approval of or sanction of any representations, acts, or practices of the Defendant, nor shall any inaction by the Attorney General be considered a waiver by the attorney general of any rights under this Consent Judgment or applicable law.

31. This Consent Judgment represents the entire agreement between Plaintiff and the Defendant, and there are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Consent Judgment which are not fully expressed herein or attached hereto.

32. Defendant hereby represents and warrants that Defendant has had the opportunity to consult with and receive the advice of legal counsel regarding all matters relative to this Consent Judgment, including the rights and obligations of Defendant under this Consent Judgment and

the consequences of breach hereunder. Defendant represents that Defendant has read the Consent Judgment and knows and understands the contents thereof. Defendant further represents and warrants that Defendant is signing this Consent Judgment as the result of his own free act, and that Defendant has not relied on any statement(s) or representation(s) of the Attorney General or anyone acting on his behalf, except for those contained in this Consent Judgment.

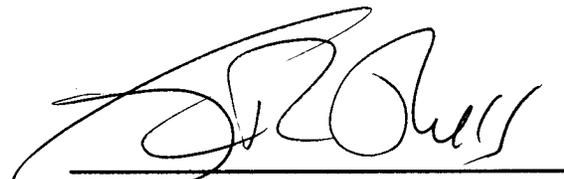
33. By signing this Consent Judgment, the representative of Defendant represents and warrants that such person is duly and legally authorized to execute this Consent Judgment on behalf of this Defendant, thus binding the Defendant to the provisions of this Consent Judgment.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved as findings of fact and conclusions of law of the Court and any monies owed hereunder by the Defendant immediately becomes a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against the Defendant in favor of Plaintiff in the amount of \$634,000.00 and that this amount is suspended pursuant to the terms of this agreement.

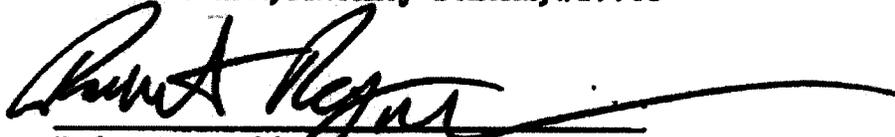
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas False Claims Act, the provisions of K.S.A. § 75-7501, et seq., specifically K.S.A. 75-7504, the court hereby approves the terms of the Consent Judgment and adopts the same as the Order of the Court.

IT IS SO ORDERED.


District Court Judge

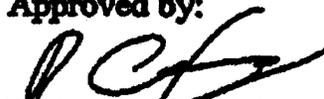
Prepared and respectfully submitted by:


Derek Schmidt, Attorney General, #17781



Robert Reynolds #27703
Assistant Attorney General
Office of the Kansas Attorney General
120 S.W. 10th Avenue, 2nd Floor
Topeka, Kansas 66612-1597
Tel: (785) 296-3751
Fax: (785) 291-3699
robert.reynolds@ag.ks.gov

Approved by:


Robert Armstrong, Defendant