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CLERK OF THE SHAWNEE COUNTY DISTRICT COURT  
CASE NUMBER: 2017-CV-000023



**Court:** Shawnee County District Court  
**Case Number:** 2017-CV-000023  
**Case Title:** State of Kansas ex rel Derek Schmidt Atty General  
vs. SearchTec Inc, et al.  
**Type:** Journal Entry of Consent Judgment as to Defendants  
Corp Company & CT Corp System

SO ORDERED.

A handwritten signature in black ink, appearing to read "T. Watson", is written in a cursive style. The signature is positioned above the typed name of the judge.

/s/ Honorable Teresa L Watson, District Court Judge

Kimberley Davenport Megrail, #28078  
 Assistant Attorney General  
 Office of the Attorney General  
 120 SW 10th Avenue, 2nd Floor  
 Topeka, KS 66612-1597  
 Tel: 785-296-3751  
 Fax: 785-291-3699  
[Kim.davenport@ag.ks.gov](mailto:Kim.davenport@ag.ks.gov)

**IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS  
 THIRD JUDICIAL DISTRICT  
 DIVISION 3**

<b>STATE OF KANSAS, <i>ex rel.</i></b>	)	
<b>Derek Schmidt, Attorney General,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	
	)	
<b>THE CORPORATION COMPANY, INC., <i>et al.</i></b>	)	
	)	
<b>Defendants.</b>	)	
	)	

**Case No. 2017-CV-000023**

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

**JOURNAL ENTRY OF CONSENT JUDGMENT AS TO  
 DEFENDANT THE CORPORATION COMPANY, INC. AND  
 DEFENDANT C T CORPORATION SYSTEM**

COMES NOW the parties in the present matter and proffer a consent judgment to the Court. Plaintiff State of Kansas, *ex rel.* Derek Schmidt, Kansas Attorney General, appears by and through counsel, Assistant Attorney General Kimberley Davenport Megrail. Defendant The Corporation Company, Inc. and Defendant C T Corporation System appear by Brian E. Sobczyk, Stinson LLP.

Being duly advised in the premises, the Court enters the following findings of fact and conclusions of law, as agreed and stipulated by the parties:

1. Derek Schmidt is the duly elected, qualified, and acting Attorney General for the State of Kansas.

2. The Attorney General's authority to bring this action is derived from the common law and statutes of the State of Kansas, specifically the Kansas Consumer Protection Act ("KCPA"), K.S.A. 50-623, *et seq.* and the Wayne Owen Act, K.S.A. 50-6,139, *et seq.*, which is part of and supplemental to the KCPA.

3. All references to Defendant The Corporation Company, Inc. and Defendant C T Corporation System herein include Defendant The Corporation Company, Inc.'s and Defendant C T Corporation System's employees, agents, representatives, affiliates, assignees and successors that handle service of process documents received via the office of Defendant The Corporation Company, Inc. and Defendant C T Corporation System located in Topeka, Kansas (hereinafter, the "Kansas Office").

4. This Court has personal and subject matter jurisdiction over this controversy through the KCPA, K.S.A. 50-623, *et seq.*, specifically K.S.A. 50-638(a) and venue is proper in Shawnee County, pursuant to K.S.A. 50-638(b).

5. On January 10, 2017, Plaintiff filed a Petition herein alleging Defendant The Corporation Company, Inc. and Defendant C T Corporation System breached the requirements of the Wayne Owen Act with respect to hard copy service of process documents received via the Kansas Office. Violations of the Wayne Owen Act have been deemed unconscionable acts pursuant to the KCPA.

6. The parties have reached an agreement to compromise, adjust, settle and release their respective rights and liabilities before the Court without trial or adjudication of any issue of

fact or law to avoid the uncertainty, distraction and expense of protracted litigation, on the following terms and conditions.

7. Defendant The Corporation Company, Inc. and Defendant C T Corporation System voluntarily agree to this Consent Judgment solely for the purpose of settlement and without admitting any allegations contained herein.

8. Defendant The Corporation Company, Inc. and Defendant C T Corporation System reserve the right, in any subsequent proceeding, to assert any defenses available under Kansas law, including, without limitation, the defense that its conduct does not violate the KCPA or the Wayne Owen Act.

### **INJUNCTIVE RELIEF**

9. Defendant The Corporation Company, Inc. and Defendant C T Corporation System and its officers, agents, employees, and all other persons in active concert or participation with it, whether acting directly or indirectly, are permanently restrained and enjoined from violating the KCPA, K.S.A 50-623 *et seq.*, and specifically the Wayne Owen Act, K.S.A. 50-6,139 *et seq.*

10. Defendant The Corporation Company, Inc. and Defendant C T Corporation System shall, with respect only to service of process documents or other documents or data received via the Kansas Office on behalf of clients and customers, including the collection, maintenance and/or possession of records containing the personal information of other persons:

- a. implement and maintain reasonable procedures and practices to protect the personal information in their custody from unauthorized access, use, modification or disclosure;
- b. exercise reasonable care to protect the personal information from unauthorized access, use, modification or disclosure; and

c. take reasonable steps to destroy or arrange for the destruction of any such hard copy records within Defendant The Corporation Company, Inc.'s and Defendant C T Corporation System's custody or control containing personal information when Defendants no longer intend to maintain or possess those records. Such destruction shall be by shredding, erasing, or otherwise modifying the personal information in the records to make it unreadable or undecipherable through any means.

11. Defendant The Corporation Company, Inc. and Defendant C T Corporation System shall deliver the summary of this Consent Judgment attached as Exhibit A for the next five (5) years to all officers, agents and employees directly involved in providing service of process or registered agent services in the State of Kansas.

12. Defendant The Corporation Company, Inc. and Defendant C T Corporation System shall maintain corporate policies on the importance of confidentiality and the protection of data and information security, including but not limited to all requirements set out by Kansas law as well as federal law. Any policies regarding information security should be reasonably designed to protect the security, integrity and confidentiality of personal information of all kinds that Defendant The Corporation Company, Inc. and Defendant C T Corporation System collects, stores, transmits and maintains in connection with their business operations in the State of Kansas.

13. Defendant The Corporation Company, Inc. and Defendant C T Corporation System shall provide documented training to any and all employees, agents or independent contractors directly involved in providing service of process or registered agent services in the State of Kansas who handle any such personal information or protected data in the proper

handling and disposal of hard copy documents which may include personally protected information. Each employee, agent or independent contractor who completes training shall certify, in writing or electronically, that they have completed the training and include the date upon which training was completed. This training and corresponding documentation of training should be maintained for the five (5) years following the execution of this agreement.

14. Defendant The Corporation Company, Inc. and Defendant C T Corporation System shall annually evaluate the information security programs, policies and trainings required herein for effectiveness and establish different protective program, policies and trainings if advisable to protect the security of personal information as required herein.

15. Within thirty (30) days of becoming aware of a subsequent violation, Defendant The Corporation Company, Inc. and Defendant C T Corporation System shall provide notice to the Office of the Kansas Attorney General of any violation of any Kansas or federal statutes related to information security by any officer, agent, employee, or any other person in active concert or participation with any of them, whether acting directly or indirectly, involved in collecting, maintaining, possession or processing records containing personal information, but only to the extent the violation directly arises out of service of process or registered agent services provided in the State of Kansas.

#### **MONETARY JUDGMENT**

16. Defendant The Corporation Company, Inc. and Defendant C T Corporation System agrees to pay the Office of the Kansas Attorney General \$325,000.00 in civil penalties for violations of the Kansas Consumer Protection Act, pursuant to K.S.A. 50-6,139b, K.S.A. 50-627, and K.S.A. 50-636(a).

17. Defendant The Corporation Company, Inc. and Defendant C T Corporation System agrees to pay the Office of the Kansas Attorney General \$5,550.00 for investigative fees and expenses, pursuant to K.S.A. 50-636(c).

18. Payment shall be in the form of a cashier's check, money order or other certified funds payable to the **Office of the Kansas Attorney General**, marked **CP-16-003481** and delivered to:

Office of the Kansas Attorney General  
Attn: AAG Kimberley Davenport Megrail  
120 SW 10th Ave., 2nd Floor  
Topeka, KS 66612

#### **GENERAL PROVISIONS**

19. Upon filing and approval of this Consent Judgment, any cross claims and/or counter claims brought by Defendant The Corporation Company, Inc. and Defendant C T Corporation System shall be dismissed against the other Defendants with prejudice. The Office of the Kansas Attorney General has entered into settlements with all the parties in this litigation and will file separate consent judgment with respect to each party. All cross claims and/or counter claims will be released upon the filing and approval of those consent judgments. All consent judgments will be filed at the same time in this matter.

20. 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.

21. Defendant The Corporation Company, Inc. and Defendant C T Corporation System shall not cause third parties, acting on their behalf, to engage in practices from which

Defendant The Corporation Company, Inc. and Defendant C T Corporation System are prohibited by this Consent Judgment.

22. 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.

23. Compliance with this consent judgment does not relieve Defendant The Corporation Company, Inc. and Defendant C T Corporation System 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.

24. 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 Defendant The Corporation Company, Inc. and Defendant C T Corporation System nor shall Defendant The Corporation Company, Inc. and Defendant C T Corporation System 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.

25. Any failure by any party to this consent judgment to insist upon the strict performance by any other party of any of the provisions of this consent judgment shall not be deemed a waiver of any of the provisions of this consent judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific



performance of any and all of the provisions of this consent judgment. The consent judgment shall represent the full and complete terms of the settlement entered into between the parties hereto.

26. The parties expressly represent and warrant that they are legally authorized to execute this consent judgment, they have each carefully read the entire contents of this consent judgment, they each understand the contents hereof, and they have each consulted, or had the opportunity to consult with, their own counsel regarding the meaning and effect of each provision hereof.

27. This agreement shall represent the full and complete terms of the settlement entered into between Plaintiff and Defendant The Corporation Company, Inc. and Defendant C T Corporation System.

**IT IS THEREFORE ORDERED, ADJUDGED AND DECREED** that, pursuant to the KCPA, and the provisions of K.S.A. 50-632(b), the stipulation and agreement of the parties contained herein are hereby adopted and approved as the orders of the Court.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that judgment is entered against Defendant The Corporation Company, Inc. and Defendant C T Corporation System and in favor of Plaintiff, jointly and severally, in the amount of \$325,000.00 for civil penalties for violations of the KCPA, K.S.A. 50-6,139b, K.S.A. 50-627, and K.S.A. 50-636(a).

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that judgment is entered against Defendant The Corporation Company, Inc. and Defendant C T Corporation System and in favor of Plaintiff, jointly and severally, in the amount of \$5,550.00 for investigative fees and expenses, pursuant to K.S.A. 50-636(c).

**IT IS SO ORDERED.**

**THIS ORDER IS EFFECTIVE ON THE DATE AND TIME SHOWN BY THE  
ELECTRONIC FILE STAMP.**

Respectfully submitted,

**PLAINTIFF:**

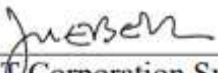
*/s/ Derek Schmidt*

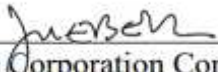
Derek Schmidt, #17781  
Kansas Attorney General  
Office of the Kansas Attorney General  
120 SW 10<sup>th</sup> Ave., 2<sup>nd</sup> Floor  
Topeka, Kansas 66612


*/s/ Kimberley Davenport Megrail*

Kimberley Davenport Megrail, #28078  
Assistant Attorney General  
Office of the Kansas Attorney General  
120 SW 10<sup>th</sup> Ave., 4th Floor  
Topeka, Kansas 66612  
Tel: 785-296-3751  
Fax: 785-291-3699  
*Attorney for Plaintiff*

**DEFENDANTS:**

  
\_\_\_\_\_  
C Corporation System  
By: John Weber, President and CEO

  
\_\_\_\_\_  
The Corporation Company, Inc., a Kansas corporation  
By: John Weber, President and CEO

  
\_\_\_\_\_  
Brian E. Sobyck, #21046  
Stinson LLP  
1207 Walnut Street, Suite 2900  
Kansas City, MO 64106-2150  
Tel: 816-691-2325  
[Brian.sobczyk@stinson.com](mailto:Brian.sobczyk@stinson.com)  
*Attorney for Defendants*



## **INJUNCTIVE RELIEF**

5. CT and its officers, agents, employees, and all other persons in active concert or participation with it, whether acting directly or indirectly, are permanently restrained and enjoined from violating the KCPA, K.S.A 50-623 *et seq.*, and specifically the Wayne Owen Act, K.S.A. 50-6,139 *et seq.*

6. CT shall, with respect only to service of process documents or other documents or data received via the Kansas Office on behalf of clients and customers, including the collection, maintenance and/or possession of records containing the personal information of other persons:

a. implement and maintain reasonable procedures and practices to protect the personal information in their custody from unauthorized access, use, modification or disclosure;

b. exercise reasonable care to protect the personal information from unauthorized access, use, modification or disclosure; and

c. take reasonable steps to destroy or arrange for the destruction of any such hard copy records within CT's custody or control containing personal information when CT no longer intends to maintain or possess those records. Such destruction shall be by shredding, erasing, or otherwise modifying the personal information in the records to make it unreadable or undecipherable through any means.

7. CT shall maintain corporate policies on the importance of confidentiality and the protection of data and information security, including but not limited to all requirements set out by Kansas law as well as federal law. Any policies regarding information security should be reasonably designed to protect the security, integrity and confidentiality of personal information

of all kinds that CT collects, stores, transmits and maintains in connection with their business operations in the State of Kansas.

8. CT shall provide documented training to any and all employees, agents or independent contractors directly involved in providing service of process or registered agent services in the State of Kansas who handle any such personal information or protected data in the proper handling and disposal of documents which may include personally protected information. Each employee, agent or independent contractor who completes training shall certify, in writing or electronically, that they have completed the training and include the date upon which training was completed. This training and corresponding documentation of training should be maintained for the five (5) years following the execution of this agreement.

9. CT shall annually evaluate the information security programs, policies and trainings required herein for effectiveness and establish different protective program, policies and trainings if advisable to protect the security of personal information as required herein.

10. Within thirty (30) days of becoming aware of a subsequent violation, CT shall provide notice to the Office of the Kansas Attorney General of any violation of any Kansas or federal statutes related to information security by any officer, agent, employee, or any other person in active concert or participation with any of them, whether acting directly or indirectly, involved in collecting, maintaining, possession or processing records containing personal information, but only to the extent the violation directly arises out of service of process or registered agent services provided in the State of Kansas.

### **MONETARY JUDGMENT**

11. CT paid the Office of the Kansas Attorney General \$325,000.00 in civil penalties for violations of the Kansas Consumer Protection Act.

12. CT paid the Office of the Kansas Attorney General \$5,550.00 for investigative fees and expenses.

13. The Corporation Company, Inc. and C T Corporation System shall not cause third parties, acting on their behalf, to engage in practices from which The Corporation Company, Inc. and C T Corporation System are prohibited by this Consent Judgment.