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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 Defendant
ST 2 DBA Searchtec Inc

SO ORDERED.

A handwritten signature in black ink, appearing to read "T. Watson", is written over a large, stylized circular flourish.

/s/ Honorable Teresa L Watson, District Court Judge

Kimberley Davenport Megrail, #28078
Assistant Attorney General
Office of the Attorney General
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**IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
THIRD JUDICIAL DISTRICT
DIVISION 3**

STATE OF KANSAS, *ex rel.*)
Derek Schmidt, Attorney General,)
)
Plaintiff,)
)
v.)
)
THE CORPORATION COMPANY, INC., *et al.*)
)
Defendants.)

Case No. 2017-CV-000023

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

**JOURNAL ENTRY OF CONSENT JUDGMENT AS TO DEFENDANT ST2
DOING BUSINESS AS SEARCHTEC, INC.**

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 ST2, Inc., doing business as SearchTec, Inc. (hereinafter referred to as Defendant ST2), appears by Benjamin R. Prell, Geiger Prell, LLC.

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 ST2 herein include Defendant ST2's affiliates, assignees and successors.

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 ST2 breached the requirements of the Wayne Owen Act. 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 ST2 voluntarily agrees to this Consent Judgment solely for the purpose of settlement and without admitting any allegations contained herein.

INJUNCTIVE RELIEF

8. Defendant ST2 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.*

9. Defendant ST2 shall, when engaged in the handling service of process documents or other documents or data for 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 records within Defendant ST2's custody or control containing personal information when Defendant 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. This provision includes all records that are being held in connection with the previously agreed upon temporary restraining order issued in this matter.

10. Defendant ST2 shall deliver annually a copy of this Consent Judgment for the next five (5) years to all officers, agents and employees directly involved in providing service of process or registered agent services.

11. Defendant ST2 shall maintain its corporate policies on confidentiality and the

protection of data and information security, including but not limited to all requirements set out in the ST2, Inc. doing business as SearchTec, Inc. Business Continuity Plan last updated on June 25, 2020 and the SearchTec Employee Handbook from April 15, 2021. Any policies regarding information security should be reasonably designed to protect the security, integrity and confidentiality of personal information of all kinds that Defendant ST2 collects, stores, transmits and maintains.

12. Defendant ST2 shall provide documented training to any and all employees 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 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.

13. Defendant ST2 shall annually evaluate the information security programs, policies and trainings for effectiveness and establish different protective program, policies and trainings if advisable to protect the security of personal information.

14. Defendant ST2 shall follow all laws regarding personal information and data protection and security, including but not limited to all provisions of the Wayne Owen Act, K.S.A. 50-6,139 and K.S.A. 50-7a provisions.

MONETARY JUDGMENT

15. Defendant ST2 agrees to pay the Office of the Kansas Attorney General \$144,450.00 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).

16. Defendant ST2 agrees to pay the Office of the Kansas Attorney General \$5,550 for investigative fees and expenses, pursuant to K.S.A. 50-636(c).

17. 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

18. Upon filing and approval of this Consent Judgment, any cross claims and/or counter claims brought by Defendant ST2 shall be dismissed against the other Defendants. Settlements have been reached with all the parties in this litigation and 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.

19. 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.

20. Defendant ST2 shall not cause third parties, acting on their behalf, to engage in practices from which Defendant ST2 is prohibited by the consent judgment.

21. 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.

22. Compliance with this consent judgment does not relieve Defendant ST2 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.

23. 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 ST2 nor shall Defendant ST2's 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.

24. 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 by the parties hereto.

25. 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.

26. This agreement shall represent the full and complete terms of the settlement entered into between Plaintiff and Defendant ST2.

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 ST2 and in favor of Plaintiff in the amount of \$144,450.00 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 ST2 and in favor of Plaintiff 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 10th Ave., 2nd Floor
Topeka, Kansas 66612

/s/ Kimberley Davenport Megrail
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Assistant Attorney General
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Tel: 785-296-3751
Fax: 785-291-3699
Attorney for Plaintiff

DEFENDANT:



Lance Lenny, President
ST2, Inc. doing business as SearchTec, Inc.



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