

CONSUMER PROTECTION IN KANSAS

1996 ANNUAL REPORT

of the

Consumer Protection Division

**Office of Attorney General
Carla J. Stovall**

(Submitted pursuant to K.S.A. 50-628)



CARLA J. STOVALL
ATTORNEY GENERAL

State of Kansas

Office of the Attorney General

CONSUMER PROTECTION DIVISION

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March 10, 1997

TO: The Honorable Bill Graves, Governor
and Members of the Kansas Legislature

I am pleased to provide to you the following report of the Consumer Protection Division of the Office of Attorney General. In 1996, the Consumer Protection Division received and investigated 7,511 written complaints and inquiries, resulting in consumer savings of nearly **one and one-half million dollars**. In addition to restitution, our enforcement efforts in 1996 resulted in judgments and settlements of more than **one-half million dollars** in civil penalties and investigative fees, in addition to invaluable injunctive orders, against businesses found in violation of the Kansas Consumer Protection Act (KCPA). Although a portion of these judgments may prove uncollectible because the defendants cannot be located or are insolvent and judgment proof, the injunctive relief obtained in these enforcement actions will prevent many of these businesses from preying on Kansas consumers in the future.

My Consumer Protection Division continues to travel throughout Kansas to give educational presentations on consumer issues to schools, civic groups, community organizations, and industry associations. In 1996, we made 89 educational presentations, including a series of seminars and conferences addressing fraud and financial exploitation of the elderly. Approximately 6,350 consumers and business persons attended these presentations, and hundreds of people visited the Consumer Protection booth at the Kansas State Fair. As a result of these educational efforts, I believe more consumers are less likely to fall victim to unscrupulous business practices and more businesses have been made aware of the requirements of the KCPA. In conjunction with our educational efforts, we continue to publish and distribute brochures on a wide variety of consumer topics.

We have also continued the long-standing tradition of my predecessor and Attorneys General in other states to request that those who violate the KCPA make donations to charities in Kansas. Numerous charities focusing on issues affecting children have benefited from this effort. I have long been a vocal advocate of children's programs, believing they can play an important role in helping children mature into responsible and productive adults. I believe that encouraging violators of the KCPA to contribute to children's charities provides dollars to the programs they would not otherwise receive. The violator also benefits because the contribution is tax-deductible. I am convinced this is a win/win practice.

**OFFICE OF THE ATTORNEY GENERAL
STATE OF KANSAS**

**CARLA J. STOVALL
ATTORNEY GENERAL**

1996 CONSUMER PROTECTION STAFF

C. Steven Rarrick	Deputy Attorney General
Kristy L. Hiebert	Assistant Attorney General
James J. Welch	Assistant Attorney General
Gail E. Bright	Assistant Attorney General
Michelle V. Hostetler	Assistant Attorney General
Terry A. Iles	Assistant Attorney General
* Robert E. Hiatt	Assistant Attorney General
Teresa A. Salts	Special Agent Supervisor
Carole A. Walton	Special Agent
Rodney L. Allen	Special Agent
Amy E. Elliott	Special Agent
Michele R. Welch	Special Agent
Jennifer K. McClafin	Special Agent
Terri Kirby	Secretary
Donna Wheeler	Secretary
Tiffanie Frisby	Receptionist
* Tammy Peters	Secretary
Laura Proehl	Law Clerk

* Served a portion of 1996. No longer with the Consumer Protection Division.

CATEGORIES OF NEW COMPLAINTS

Complaints Filed:	5,571
Complaints Closed:	5,098
Written Inquiries:	1,940
Total Annual Savings:	\$1,456,320

	<u>Complaints Received</u>	<u>Percent of Total</u>
Advertising	114	2.05%
Appliances	24	0.43%
Automobiles	951	17.07%
Boats, Boating Equipment, Repairs, etc.	14	0.25%
Book, Record and Tape Clubs	50	0.90%
Business Opportunity Services	120	2.15%
Cable Television	24	0.43%
Cemeteries	12	0.22%
Clothing	13	0.23%
Collectibles/Antiques	15	0.27%
Collection Practices	163	2.93%
Computers	88	1.58%
Computer On-Line Services	36	0.65%
Contests	84	1.51%
Credit Code	180	3.23%
Credit Reporting Agencies	29	0.52%
Discount Buying Clubs	19	0.34%
Door-to-Door Sales	65	1.17%
Education	18	0.32%
Employment Services	25	0.45%
Energy Saving Devices (total)	0	0.00%
Failure to Furnish Merchandise (non-mail order)	22	0.39%
Farm Implements/Equipment	20	0.36%
Fire, Heat and Smoke Alarms	8	0.14%
Floor Coverings	37	0.66%
Food Products	11	0.20%
Franchise Sales	1	0.02%
Fund Raising (charities, etc.)	45	0.81%
Funeral Homes and Plans	5	0.09%
Furniture	35	0.63%

	<u>Complaints Received</u>	<u>Percent of Total</u>
Gasoline Pricing and Content	11	0.20%
Health Services (doctors, dentists, hospitals, etc.)	82	1.47%
Health Spas and Weight Salons	29	0.52%
Hearing Aids	13	0.23%
Heating and Air Conditioning	38	0.68%
Home Construction	24	0.43%
Home Improvements	259	4.65%
Interest Rates and Lending Companies (noncredit co	0	0.00%
Invoice and Billing Schemes (noncredit code)	49	0.88%
Jewelry	9	0.16%
Kitchenware	0	0.00%
Land Sales (subdivided Kansas)	191	3.43%
Land Resale Companies	10	0.18%
Loan Finders	64	1.15%
Lotteries	1	0.02%
Magazines	93	1.67%
Mail Order Companies	430	7.72%
Miscellaneous	345	6.19%
Mobile Home Parks	1	0.02%
Mobile Home Parks and Campers	48	0.86%
Mortgages	46	0.83%
Mortgage Escrow Problems	4	0.07%
Motorcycles and Bicycles	9	0.16%
Moving and Storage	17	0.31%
Multilevel and Pyramid Distributorship Companies	50	0.90%
Musical Instruments, Lessons, etc.	1	0.02%
Negative Selection	2	0.04%
Nurseries, Lawn, Gardening Equipment, etc.	17	0.31%
Nursing Homes	2	0.04%
Office Equipment and Supplies	8	0.14%
Pest Control	16	0.29%
Pets/Animals	27	0.48%
Photo Studios, Equipment and Services	22	0.39%

	Complaints Received	Percent of Total
Product Safety	<u>0</u>	0.00%
Real Estate (houses)	18	0.32%
Real Estate (other than houses)	10	0.18%
Rebates	18	0.32%
Recovery Companies	0	0.00%
Referral Selling	0	0.00%
Satellite Dishes	149	2.67%
Securities and Investments (not stocks and bonds)	12	0.22%
Security Systems and Services	31	0.56%
Services (general)	133	2.39%
Services (professional)	15	0.27%
Sewing Machines	3	0.05%
Sporting Goods	9	0.16%
Steel Buildings	8	0.14%
Stereos and Record Players	14	0.25%
Sundrys	2	0.04%
Telephone/Service and Long Distance Carriers	148	2.66%
Telephone/800#s, 900#s and International Calls	117	2.10%
Telephone/Slamming	100	1.80%
Telephone/Cellular and Services	53	0.95%
Telephone Solicitations	190	3.41%
Televisions, VCRs and Radios	18	0.32%
Timeshare Sales	5	0.09%
Tobacco Sales	63	1.13%
Toys	2	0.04%
Trade and Correspondence Schools	14	0.25%
Travel Agencies	157	2.82%
Travel and Transportation	5	0.09%
Unauthorized Practice of Law	18	0.32%
Vending Machines	6	0.11%
Warranty Problems	52	0.93%
Water Softeners, Conditioners, Purifiers, etc.	26	0.47%
Work-at-Home Schemes	<u>29</u>	<u>0.52%</u>
TOTAL CASES OPENED	5,571	100.00%

DISPOSITION OF CLOSED COMPLAINTS

	Complaints <u>Closed</u>	Percent <u>of Total</u>
Inquiry or Information Only	359	7.04%
Money Refunded/Contract Cancelled	1,408	27.62%
Merchandise Delivered to Consumer	127	2.49%
Repaired/Replaced Product	156	3.06%
Mediation Only -- No Savings	450	8.83%
No Reply From Consumer	252	4.94%
Unable to Locate Respondent	64	1.26%
Practice Complained of Discontinued	47	0.92%
Respondent Out of Business	182	3.57%
No Basis for Complaint	63	1.24%
No Jurisdiction under KCPA	329	6.45%
Insufficient Evidence to Prove Violation	505	9.91%
Complaint Withdrawn	64	1.26%
Unable to Satisfy Complainant -- no further action	34	0.67%
Referred to Private Attorney	231	4.53%
Referred to County/District Attorney	32	0.63%
Referred to Other Attorney General	250	4.90%
Referred to Other Kansas Agency	62	1.22%
Referred to Small Claims Court	125	2.45%
Referred to Federal Agency (FTC, Post Office, etc.)	78	1.53%
Other	99	1.94%
Lawsuit Complaint Files:		
Respondent Enjoined	1	0.02%
Consent Judgment	159	3.12%
Voluntary Compliance Agreement	18	0.35%
Dismissed	0	0.00%
Other	<u>3</u>	<u>0.06%</u>
TOTAL CASES CLOSED	5,098	100.00%

**SUMMARY OF 1996 LAWSUITS
AND ASSURANCES OF VOLUNTARY COMPLIANCE**

STATE ex rel. v. AMERICAN DREAM COMPANY AND ROBERT B. JONES

American Dream Company and its owner, Robert B. Jones, entered into a Consent Judgment on July 9, 1996, for promoting a deceptive multi-level sales/pyramid scheme involving the sale of mailing lists. The defendant represented that participants would receive commissions solely for recruitment of new participants and did not explain to consumers the eventual economic and mathematical failure of such a pyramid system due to market saturation. In the Consent Judgment, the defendant agreed to refrain from further violations, pay \$1,500.00 in investigative fees and expenses and \$1,000.00 in civil penalties, and make a \$1,500.00 charitable donation.

IN THE MATTER OF AMERICAN HONDA MOTOR CO., INC.

American Honda Motor Co., Inc. entered into an Assurance of Voluntary Compliance on November 14, 1996, for deceptive and unconscionable acts and practices in respondent's lease advertisements and solicitations. As part of the lease advertisement, the manufacturer depicted "\$0 down," which led consumers to believe they would not have to pay any up-front money in order to lease a vehicle. However, at lease inception, consumers discovered the lease required a security deposit, first and last months lease payments and/or an acquisition fee amounting to several thousand dollars. The respondent agreed to refrain from such deceptive and unconscionable acts and to pay \$12,500.00 in investigative fees and expenses.

IN THE MATTER OF AMERICAN ISUZU MOTORS, INC.

American Isuzu Motors, Inc. entered into an Assurance of Voluntary Compliance on November 13, 1996, for deceptive and unconscionable acts and practices in respondent's lease advertisements and solicitations. As part of the lease advertisement, the manufacturer depicted "\$0 down," which led consumers to believe they would not have to pay any up-front money in order to lease a vehicle. However, at lease inception, consumers discovered the lease required a security deposit, first and last months lease payments and/or an acquisition fee amounting to several thousand dollars. The respondent agreed to refrain from such deceptive and unconscionable acts and to pay \$12,500.00 in investigative fees and expenses.

IN THE MATTER OF MICHAEL F. ANDERSON d/b/a Q-TEAM

Michael Anderson entered into an Assurance of Voluntary Compliance on May 28, 1996, for deceptive acts and practices in respondent's advertising for health products. The respondent agreed to refrain from further violations of the Act and pay \$100.00 in investigative fees and expenses and make a \$100.00 charitable contribution.

IN THE MATTER OF APAC TELESERVICES, INC.

APAC Teleservices, Inc., entered into an Assurance of Voluntary Compliance on October 14, 1996, for violations of the telephone solicitation section of the Kansas Consumer Protection Act. The respondent agreed to refrain from further violations of the Act, pay \$7,500.00 in investigative fees and expenses and \$3,750.00 in civil penalties, and make a \$3,750.00 charitable donation.

IN THE MATTER OF TOM APPEGARTH

Tom Applegarth entered into an Assurance of Voluntary Compliance on May 13, 1996, for deceptive acts and practices in respondent's telephone solicitations. The respondent would call consumers and represent himself as an employee of the Gallop Poll when, in fact, respondent was not and had never been employed by the Gallop Poll. The respondent agreed to refrain from further violations of the Act, pay \$250.00 in investigative fees and expenses, and make a \$250.00 charitable contribution.

IN THE MATTER OF AT&T CORPORATION

AT&T Corporation entered into an Assurance of Voluntary Compliance on December 23, 1996. During our investigation of AT&T's telemarketing practices, the Attorney General was provided with scripts used by AT&T telemarketers which violated the telephone solicitation section of the Kansas Consumer Protection Act. It was estimated that AT&T made approximately 672,000 telemarketing calls into Kansas in violation of the Act. The respondent agreed to refrain from further violations of the Act, pay \$112,500.00 in investigative fees and expenses and \$56,250.00 in civil penalties, and make a \$56,250.00 charitable donation.

IN THE MATTER OF J. M. BAUERSFELD'S

J. M. Bauersfeld's entered into an Assurance of Voluntary Compliance on November 22, 1996, for violations of the Kansas Food Sales Act and Kansas Consumer Protection Act. The respondent failed to disclose the price per pound on meat products. The respondent agreed to refrain from further violations, pay \$1,500.00 in investigative fees and expenses and \$750.00 in civil penalties, and make a \$750.00 charitable donation.

STATE ex rel. v. EVERETT

d/b/a AMERICA'S MILLION DOLLAR INSTITUTE

Everett Bias d/b/a America's Million Dollar Institute entered into a Consent Judgment on October 14, 1996, for violations of the Kansas Consumer Protection Act relative to the operation of a credit-repair business. The defendant violated nearly all requirements of the Credit Services Organizations Act, made numerous misrepresentations to consumers, and excessively charged consumers for services which were readily obtainable to them elsewhere at no charge. In the Consent Judgment, the defendant agreed to refrain from further violations of the Act, pay \$1,000.00 in investigative fees and expenses and \$500.00 in civil penalties, and make a \$500.00 charitable donation.

STATE ex rel. v. RUSSELL A. CAMPBELL d/b/a C & B DELIVERIES

The Attorney General filed a lawsuit in Shawnee County on November 8, 1995, against this transient merchant from Illinois for deceptive advertising and failure to comply with the door-to-door sales requirements of the Kansas Consumer Protection Act. A Motion for Sequestration of Assets was obtained to seize approximately \$3,700.00 cash in the defendant's possession. The defendant entered into a Consent Judgment in which the defendant agreed to refrain from further violations of the Act, pay \$1,500.00 in investigative fees and expenses and \$500.00 in civil penalties, and make a \$500.00 charitable donation.

***STATE ex rel. v. CONSUMER ACCEPTANCE NETWORK, INC.
d/b/a/ ACCOUNT SERVICES, INC. AND JEROME DAVID JONES***

The Attorney General filed a lawsuit in Shawnee County District Court on July 7, 1994, alleging violations of the telemarketing fraud provisions of the Kansas Consumer Protection Act and the Credit Services Organizations statutes. The defendant entered into a Consent Judgment on June 4, 1996, in which the company agreed to refrain from further violations and to refund \$7,500.00 in consumer restitution.

***STATE ex rel. v. RICHARD L. COOPER
d/b/a NETWORK CALLING CARD***

Richard L. Cooper, d/b/a Network Calling Card entered into a Consent Judgment on June 26, 1996, for deceptive solicitations and sales of independent distributorships with Network Calling Card, a multi-level marketing company through which long-distance telephone service is sold. The defendant represented that distributors would earn "huge residual income" even though at the time of entering the Consent Judgment, the defendant had made absolutely no income as a Network Calling Card distributor. In the Consent Judgment, the defendant agreed to refrain from further violations of the Act, pay \$500.00 in investigative fees and expenses and \$500.00 in civil penalties, and make a \$500.00 charitable donation.

IN THE MATTER OF DUCKWALL ALCO STORES, INC.

Duckwall Alco Stores, Inc., entered into an Assurance of Voluntary Compliance on November 25, 1996, for violations of the Kansas Food Sales Act. The respondent failed to disclose the price per pound on meat products. The respondent agreed to refrain from further violations, pay \$2,500.00 in investigative fees and expenses and \$1,250.00 in civil penalties, and make a \$1,250.00 charitable donation.

STATE ex rel. v. DUFFS, INC.

The Attorney General filed a lawsuit in Wyandotte County against this company in November of 1995, for violations of the Kansas Food Sales Act and the Kansas Consumer Protection Act for deceptive advertising and the sale of adulterated meat. A settlement agreement was reached in 1996, but the Consent Judgment and payment were not made until after the end of the calendar year. In the settlement, defendant agreed to refrain from further violations, pay \$12,500.00 in investigative fees and expenses and \$5,000.00 in civil penalties, and make a \$7,500.00 charitable donation.

STATE ex rel. v. JOHN A. EARNSHAW

The Attorney General filed a lawsuit against this sole proprietor in Johnson County District Court on May 31, 1996, for deceptive acts and practices relative to his house moving business. The Attorney General alleged the defendant accepted money to move a house without the requisite authority and failed to move the house as agreed. The lawsuit is currently in the discovery stage.

***STATE ex rel. v. MICHAEL A. EVERHART AND
JANETTE W. EVERHART d/b/a EVERHART HOMES***

The Attorney General filed a lawsuit in Johnson County District Court against this Kansas City area contractor alleging the defendant committed deceptive and unconscionable practices against several consumers involving the sale and construction of homes. The acts and practices alleged include misleading claims about cost-plus home building contracts, low-ball estimates, misrepresenting contract provisions, and deceptive billings. Four of six consumers who made complaints to the Attorney General filed private actions and their claims were dismissed from the Attorney General's case. Defendants entered into a Consent Judgment in October of 1996, wherein defendants agreed to refrain from further violations of the Act and pay \$2,000.00 in restitution.

***STATE ex rel. v. JANET G. FRIESEN
d/b/a/ J & K ENTERPRISES***

Janet Friesen d/b/a J & K Enterprises entered into a Consent Judgment on July 24, 1996, for violations of the Kansas Consumer Protection Act relative to her operation of a credit services organization. The defendant's violations included: charging consumers for credit services before completing performance and without filing a surety bond with the Kansas Consumer Credit Commissioner; guaranteeing consumers an extension of credit, regardless of the person's previous credit problem or credit history without clearly disclosing the eligibility requirements for obtaining an extension of credit; and advertising the services of a credit services organization without filing a registration statement with the Consumer Credit Commissioner. In the Consent Judgment, the defendant agreed to refrain from further violations, pay \$300.00 in investigative fees and expenses and \$100.00 in civil penalties, and make a \$100.00 charitable donation.

STATE ex rel. v. GARTNER OIL COMPANY

The Attorney General filed a lawsuit against this company in Shawnee County District Court on October 29, 1996, for deceptive acts and practices relating to the sale of cigarette products to a person under the age of 18. The case is pending.

IN THE MATTER OF GENERAL MOTORS CORPORATION

General Motors entered into an Assurance of Voluntary Compliance on November 18, 1996, for deceptive and unconscionable acts and practices in respondent's lease advertisements and solicitations. As part of the lease advertisement, the manufacturer depicted "\$0 down," which led consumers to believe they would not have to pay any up-front money in order to lease a vehicle. However, at lease inception, consumers discovered the lease required a security deposit, first and last months lease payments and/or an acquisition fee amounting to several thousand dollars. In addition, General Motors required a balloon payment as the last lease payment amounting to nearly \$12,000.00. The respondent agreed to refrain from such deceptive and unconscionable acts and to pay \$12,500.00 in investigative fees and expenses.

***STATE ex rel. v. CHRISTOPHER S. HAYS
d/b/a H & B ASSOCIATES***

The Attorney General filed a lawsuit in Shawnee County District Court on July 7, 1995, to enforce a subpoena previously issued to defendant. Defendant failed to comply with the Court's order to respond to the subpoena and a Journal Entry assessing a civil penalty of \$10,000.00 was entered by the Court on March 21, 1996. Collection efforts are pending.

***STATE ex rel. v. JAROLD JOHNSON d/b/a
JERRY JOHNSON CONSTRUCTION AND NATIONAL WATERPROOFING***

The Attorney General brought contempt proceedings against this contractor as a result of his failure to comply with a previous judgment prohibiting him from performing basement waterproofing. The Defendant was sentenced to six months in jail for his violation of the court order and served three weeks of the six month sentence, with the remainder paroled, contingent upon his compliance with the court order. Mr. Johnson was ordered to pay \$1,500.00 in attorneys fees, \$325.00 in court costs, in addition to the \$101,650.00 in restitution and \$40,000.00 in civil penalties ordered in previous years.

IN THE MATTER OF JON A. KECKLER

Jon Keckler entered into an Assurance of Voluntary Compliance on May 21, 1996, for violations of the Kansas Consumer Protection Act relative to deceptive and unconscionable acts and practices in his solicitations. The respondent sent out letters to consumers stating "from one chiropractor to another" even though he wasn't a chiropractor. The respondent agreed to refrain from further violations of the Act and pay \$750.00 in investigative fees and expenses and \$250.00 in civil penalties.

***STATE ex rel. v. EVERETT OLIAN LAWRENCE
a/k/a BUTCH LAWRENCE AND MARVIN TAYLOR
d/b/a HOMESAVERS OF JOHNSON COUNTY***

In October of 1994, the Attorney General filed a lawsuit against this Kansas City area "equiteer." The defendant purchased the redemption rights of consumers in foreclosure actions for nominal amounts, obtained possession, advertised the house for "rent," and obtained purchase option contracts from new consumers who thought they were renting the house with the option to buy. The defendant made numerous misrepresentations to consumers at both ends of these transactions. A Temporary Restraining Order obtained in 1994 enjoined defendant from receiving rent money on real estate. Defendant violated the restraining order in 1995 and was cited in contempt for 20 violations of the Temporary Restraining Order, was placed in custody, and ordered to pay \$5,000.00 to purge himself of the contempt. The case was still in discovery at year end.

***STATE ex rel. v. JACK R. LOOS
d/b/a HIGH SCHOOL SPORTS SCHEDULE***

Jack R. Loos d/b/a High School Sports Schedule entered into a Consent Judgment on March 6, 1996, for violations of the Kansas Consumer Protection Act relative to the solicitation to local businesses for advertising space on sports schedules for local high schools. The defendant represented affiliation with local high schools, which it did not have, represented that a portion of

the proceeds from such advertising sales would benefit local high school sports teams, though the schools were unaware of High School Sports Schedule or their sports schedules and represented that these schedules were distributed to local businesses and at high school sports events, but did not disclose that distribution was limited to the businesses which had purchased advertising space (and did not include high school sports events). In the Consent Judgment, the defendant agreed to refrain from further violations of the Act, pay \$1,158.40 in investigative fees and expenses, and refund \$841.60 in consumer restitution.

STATE ex rel. v. MAZDA MOTOR OF AMERICA, INC.

Mazda Motor of America, Inc., entered into a Consent Judgment on December 19, 1996, for deceptive and unconscionable acts and practices in its lease advertisements and solicitations. As part of the lease advertisement, the manufacturer depicted "\$0 down," which led consumers to believe they would not have to pay any up-front money in order to lease a vehicle. However, at lease inception consumers discovered the lease required a security deposit, first and last months lease payments and/or an acquisition fee amounting to several thousand dollars. The defendant agreed to refrain from such deceptive and unconscionable acts and to pay \$42,500.00 investigative fees and expenses within thirty days of signing the Consent Judgment (received after the end of calendar year 1996).

IN THE MATTER OF MITSUBISHI MOTOR SALES OF AMERICA, INC.

Mitsubishi Motor Sales of America, Inc., entered into an Assurance of Voluntary Compliance on November 14, 1996, for deceptive and unconscionable acts and practices in its lease advertisements and solicitations. As part of the lease advertisement, the manufacturer depicted "\$0 down," which led consumers to believe they would not have to pay any up-front money in order to lease a vehicle. However, at lease inception consumer discovered the lease required a security deposit, first and last months lease payments and/or an acquisition fee amounting to several thousand dollars. In addition, General Motors required a balloon payment as the last lease payment amounting to nearly \$12,000.00. The respondent agreed to refrain from such deceptive and unconscionable acts and to pay \$12,500.00 in investigative fees and expenses.

STATE ex rel. v. NATIONAL ACCOUNTS, INC.

National Accounts entered into a Consent Judgment in April of 1996, for the unauthorized switching ("slamming") of consumers' long distance service by misrepresenting or implying that it was AT&T. The defendant agreed to refrain from such deceptive acts, provide consumer refunds, resolve future complaints, make specific disclosures during telemarketing and obtain written letters of agency before switching consumers' services. National Accounts further agreed to pay \$30,000.00 in investigative fees and expenses and \$5,000.00 in civil penalties and make a \$15,000.00 charitable donation.

STATE V. NEW GLASS, INC., d/b/a THE GLASS MECHANIX

In August 4, 1995, the Attorney General filed a lawsuit against this company for deceptive advertising relative to the marketing and sale of its windshield repair kits. A Consent Judgment was entered against New Glass in July of 1996, with defendant agreeing to refrain from further violations of the Act and to pay \$1,897.00 in restitution, \$500.00 in investigative fees and expenses, and \$250.00 in civil penalties.

**STATE ex rel. v. NORTH AMERICAN FINANCE OF GEORGIA
L.L.C. d/b/a OMEGA FINANCIAL SERVICES**

This Georgia company entered into a Consent Judgment on July 9, 1996, for violating nearly every requirement of the Credit Services Organizations provisions contained in K.S.A. 50-1101 *et seq.* applicable to advance fee loan brokering. The defendant agreed to refrain from further violations of the Act, refund \$3,688.00 in consumer restitution, pay \$1,500.00 in investigative fees and expenses and \$500.00 in civil penalties, and make a \$1,000.00 charitable donation.

STATE ex rel. v. ON THE BIRDWALK, INC. and DENNY WILLIS

On the Birdwalk, Inc., and Denny Willis entered into a Consent Judgment on March 22, 1996, for violations of the Kansas Consumer Protection Act relative to mail-order sales of aviary products. The company offered products and accepted consumers' payments for merchandise without the intent to sell the merchandise and solicited consumers to purchase aviary products without intent to supply reasonable, expectable public demand without disclosing the limitation. In light of these facts, consumers were unable to receive a material benefit from their transactions with the defendant. In the Consent Judgment, the defendant agreed to refrain from further violations of the Act, pay \$1,500.00 in investigative fees and expenses, and refund \$1,645.13 in consumer restitution.

STATE ex rel. v. PAMIDA, INC.

Pamida, Inc., entered into a Consent Judgment on October 10, 1996, for violations of the meat and poultry price-per-pound statutes of the Kansas Food Sales Act and the Kansas Consumer Protection Act. The defendant advertised, solicited, and sold meat in quantities larger than one pound without disclosing the price-per-pound. In the Consent Judgment, the defendant agreed to refrain from further violations of the Act and pay \$3,750.00 in investigative fees and expenses and \$1,250.00 in civil penalties.

**STATE ex rel. v. PMI PUBLISHING, INC. d/b/a THE LAW
ENFORCEMENT JOURNAL d/b/a THE NATIONAL LAW
ENFORCEMENT JOURNAL d/b/a THE TROOPER RECOVERY
JOURNAL d/b/a WAR ON NARC PREVENTION JOURNAL
and PAVNOUTY MAXIMOUS IBRAHIM**

PMI Publishing and its owner entered into a Consent Judgment on October 16, 1996, for violations of the Kansas Consumer Protection Act relative to the sale of advertising in its publications. The defendant: (1) represented that the sales of advertising in its publications would benefit injured Kansas highway patrol troopers, although they did not; (2) represented affiliation with local law enforcement agencies which did not exist; (3) represented to consumers that they had previously placed advertisements in its publications, although they had not; (4) failed to furnish consumers with written confirmation of the sale before accepting payment for advertising; (5) induced consumers to enter transactions which were excessively one-sided in favor of PMI; (6) represented that advertising, distribution, and disbursement of donations would remain in Kansas, although it did not; (7) represented that PMI's publications are "distributed to the state troopers, law enforcement officers, and agencies at the state, county, and local levels", although such agencies in Kansas do not receive the publications. In the Consent Judgment, the defendant agreed to refrain from further violations of the Act, refund \$2,302.50 in consumer restitution, pay \$1,500.00 in

investigative fees and expenses and \$500.00 in civil penalties, and make a \$1,000.00 charitable donation.

***STATE ex rel. v. RAINBOW INTERNATIONAL
and TONY WILLIAMS***

Rainbow International and its owner, Tony Williams, entered into a Consent Judgment on July 25, 1996, for violations of the Kansas Consumer Protection Act relative to the operation of an illegal lottery. The defendant offered for sale and sold chances in lottery pools to Kansas consumers without disclosing to such consumers that any and all lotteries conducted by any entity other than the state of Kansas are illegal, delivered solicitations which could reasonably be interpreted or construed as a bill, invoice, or statement of account due without the required disclosure and delivered solicitations to consumers which represented that such consumers had previously done business with defendants, regardless of whether or not such consumer had previously transacted business with defendants. In the Consent Judgment, the defendant agreed to refrain from further violations of the Act, refund \$1,398.25 in consumer restitution, pay \$3,750.00 in investigative fees and expenses and \$1,875.00 in civil penalties, and make a \$1,875.00 charitable donation.

STATE ex rel. v. TYRONE ROBINSON et al.

In October of 1995, the Attorney General filed a lawsuit against this defendant for deceptive and unconscionable acts and practices with regard to the sale and repair of computer and electronic equipment. The defendant entered into a Consent Judgment in March of 1996, agreeing to refrain from further violations of the Act, resolve all complaints on file with the Attorney General, and pay \$1,000.00 in investigative fees and expenses.

IN THE MATTER OF ROLOX OF KANSAS CITY, INC.

Rolox of Kansas City, Inc., entered into an Assurance of Voluntary Compliance in September of 1996, for deceptive advertising and violations of the telephone solicitation provisions of the Kansas Consumer Protection Act. The respondent misrepresented the actual company that manufactures the doors and windows sold by Rolox. The brochures supplied by the respondent indicate that the company makes its own windows and doors when, in fact, the windows and doors are made by Winchester Industries and Precision Window Manufacturing, Inc. The respondent agreed to refrain from further violations of the Act, refund \$1,750.00 in consumer restitution, pay \$7,250.00 in investigative fees and expenses, and make a \$2,500.00 charitable donation.

STATE ex rel. v. RYMER FOODS, INC.

This Chicago-based meat processor entered into a Consent Judgment on July 16, 1996, for repeatedly (five times) sending shipments of meat into Kansas with net weight and grade violations of the Kansas Food Sales Act and the Kansas Consumer Protection Act. The meat was shipped into the state intended for door-to-door sales. The defendant agreed to refrain from further violations, pay \$20,000.00 in investigative fees and expenses and \$5,000.00 in civil penalties, and make a \$5,000.00 charitable donation.

STATE ex rel. V. SHAWN SCHNEIDER d/b/a S & N AUTO

This company entered into a Consent Judgment February 27, 1996, for deceptive acts and practices in relation to the sale of an automobile. The defendant agreed to refrain from further violations of the Act, pay \$15,068.29 in restitution, \$1,000.00 in investigative fees and expenses and \$500.00 in civil penalties.

IN THE MATTER OF SOUTHWESTERN BELL MOBILE SYSTEMS

Southwestern Bell Mobile Systems entered into an Assurance of Voluntary Compliance in December of 1996. The Attorney General alleged that the respondent distributed flyers inducing consumers to purchase their service at specified rates, which respondent attempted to change after consumers signed up for the service. The Attorney General also alleged that respondent's contract violated three day notice of cancellation and implied warranty provisions of the Kansas Consumer Protection Act. The contracts also contained an alleged unconscionable provision which allowed the respondent to unilaterally change the material terms agreed upon without recourse to the consumer. The respondent agreed to refrain from such deceptive and unconscionable acts, pay \$7,500.00 in investigative fees and expenses, and provide two cellular phones for two years to be used for Consumer Protection Division investigations and enforcement activities.

***STATE ex rel. v. BARBARA J. SOZA and
ROBERT SOZA d/b/a SOZA AUTO***

The Attorney General filed a lawsuit in Shawnee County District Court on September 23, 1996, against this company for vehicle odometer fraud. The defendant entered into a Consent Judgment wherein the company agreed to refrain from further violations of the Act, pay \$1,000.00 in investigative fees and expenses and \$500.00 in civil penalties, and make a \$500.00 charitable donation.

STATE ex rel. v. THOUSAND ADVENTURES, INC., et al.

The Attorney General filed a lawsuit in Shawnee County District Court on January 16, 1996, for deceptive and unconscionable acts and practices by the defendants in the sales of campground memberships. The defendants enticed consumers to visit their facilities by offering prizes and then used deceptive and unconscionable tactics to persuade consumers to purchase a membership. The campgrounds are not the quality represented by the defendants and the memberships are non-cancelable, even if consumers choose to discontinue their use of the campgrounds. There were also material misrepresentations made about the company's resale program, wherein the company promised to resell a consumer's membership after a certain period of time. In May of 1996, the defendants were found to be in contempt of a Temporary Restraining Order, which was obtained when the lawsuit was filed, and ordered to pay \$2,000.00 in investigative fees and expenses and \$2,000.00 in civil penalties. Under the Temporary Restraining Order, defendants are presently restrained from collecting or attempting to collect money from certain Kansas consumers. The lawsuit is currently in the discovery phase of litigation.

TOBACCO SALES TO MINORS

In February of 1996, the Kansas Attorney General's Office conducted a tobacco sales to minors investigation. Using special agents and Topeka Police Department cadets (ages 14 to 17) 172 businesses, including convenience stores, grocery stores, discount stores, and gas stations, were approached in 16 Kansas counties. Sales to the under-age cadets were made by 61 of the stores. The Attorney General alleges that these sales were both deceptive and unconscionable under the Kansas Consumer Protection Act. Settlement (Consent Judgment or Assurance of Voluntary Compliance) was reached with 28 of these stores by the end of calendar year 1996; in these agreements, the store owners agreed to pay \$750.00 in investigative fees and expenses and \$375.00 in civil penalties and make a \$375.00 charitable donation. A lawsuit was filed against one retailer on October 29, 1996, and litigation against the remaining retailers will be filed at the conclusion of the initial case. In addition, Assurances of Voluntary Compliance have been obtained with nearly all of the clerks involved in the sales for payment of \$25.00 in investigative fees and expenses and \$25.00 in civil penalties

STATE ex rel. v. KEVIN MARK TRUDEAU and NUTRITION FOR LIFE INTERNATIONAL

Nutrition for Life International and its marketing agent, Kevin Mark Trudeau, entered into a Consent Judgment on September 27, 1996, for violations of the Kansas Consumer Protection Act relative to the operation of a multi-level sales company through which health care products and distributorships were sold. The program and its promotion by the defendants represented that participants would receive commissions solely for recruitment of new participants - rather than commissions based upon sales of Nutrition for Life International products to end-users; represented that the program offered distributors the opportunity to make substantial profit by leveraging the time of other persons, or from multiplication, duplication, and/or geometrical increases in the number of participants at lower functional levels of distribution, without disclosing that (i) not all Nutrition for Life International participants earn derivative income in the plan; and that (ii) no one can be guaranteed success as a Nutrition for Life International distributor and exaggerated and made misrepresentations of potential sales, commission, bonus earnings, and/or purchase requirements for participants. In the Consent Judgment, the defendant agreed to refrain from further violations of the Act and to pay \$9,375.00 in investigative fees and expenses.

STATE ex rel. v. TRULY SPECIAL, INC.; AUNT MYRA'S, INC.; BRIARWOOD FARMS, LTD.; MICHAEL C. COOPER; STEVE LITTLE; MELVIN MCCALL; GARY J. KERSHNER; RICHARD G. MAIKE; JOHN R. MAIKE; SANDRA R. MAIKE; JACALYN J. MAIKE; JOHN R. MAIKE, JR.

The Attorney General filed a lawsuit in Shawnee County District Court in December of 1994 against Truly Special, Inc., and others alleging the defendants violated our anti-pyramid law and committed deceptive acts and practices regard the ability of plan participants to generate income. The Court initially awarded a Temporary Injunction enjoining the company from doing business as a multi-level company. Truly Special, Inc., Michael Cooper, and Melvin McCall entered into Consent Judgments wherein they agreed to refrain from further violations of the Act, pay \$18,000.00 in investigative fees and expenses and \$3,000.00 in civil penalties, and make a \$5,000.00 charitable

donation. A \$20,000.00 escrow account was established to pay future aggrieved consumers and an agreed compensation format with appropriate marketing materials was implemented.

STATE ex rel. v. VENTURE STORES, INC.

Venture Stores, Inc., entered into a Consent Judgment on December 17, 1996, for violations of the Kansas Food Sales Act and the Kansas Consumer Protection Act. The defendant failed to disclose the price-per-pound of meat products and engaged in deceptive advertising practices. The defendant agreed to refrain from further violations, pay \$15,000.00 in investigative fees and expenses to the Office of the Attorney General, \$1,000.00 in investigative fees and expenses to Sedgwick County District Attorney's Office, \$5,000.00 in civil penalties, and make a \$9,000.00 charitable donation.

IN THE MATTER OF THE UNIVERSITY OF KANSAS MEDICAL CENTER, et al.

The Kansas University Medical Center and two related foundations entered into an Assurance of Voluntary Compliance in August of 1996, for failing to disclose material problems with the transplant program to patients either on its transplant list or patients applying for placement on the transplant list. The program was discontinued in April of 1995, due to serious problems within the program. The problems with the program included a shortage of qualified cardiothoracic surgery nurses and a shortage of the required number of surgeons, both allegedly contributing to the refusal of donor hearts suitable for transplants for non-medical reasons. The Assurance included \$50,000.00 in investigative fees, \$50,000.00 in civil penalties and \$165,000.00 in restitution for the 15 consumers who chose not to pursue their own action through private counsel

CIVIL ENFORCEMENT OF AGENCY ACTIONS

The Consumer Protection Division filed two civil enforcement of agency actions to compel compliance with subpoenas issued to suppliers.

**LIST OF CHARITIES RECEIVING
DONATIONS FROM KCPA VIOLATORS**

American Cancer Society
 American Heart Association
 American Lung Association
 Battered Women's Task Force - Topeka
 Big Brothers/Big Sisters of Central Kansas
 Big Brothers/Big Sisters of Cowley County
 Big Brothers/Big Sisters of Douglas County
 Big Brothers/Big Sisters of Finney County
 Big Brothers/Big Sisters of Junction City
 Big Brothers/Big Sisters of Lyon County, Inc.
 Big Brothers/Big Sisters of Manhattan
 Big Brothers/Big Sisters of Salina, Inc.
 Big Brothers/Big Sisters of Topeka, Inc.
 Big Brothers/Big Sisters of Sedgwick County, Inc.
 Boys' & Girls' Club of Coffeyville
 Boys' & Girls' Club of Hutchinson
 Boys' & Girls' Club of Lawrence
 Boys' & Girls' Club of Manhattan
 Boys' & Girls' Club of Wichita
 Boys' & Girls' Club of Topeka
 Campfire Boys & Girls
 Central Kansas Council of Girl Scouts, Inc.
 Coronado Area Council, Boy Scouts of America
 Crisis Center of Dodge City (domestic violence shelter)
 Crisis Center of Manhattan (domestic violence shelter)
 Domestic Violence Association of Central Kansas - Salina
 Domestic Violence Emergency Services - Atchison
 Elm Acres Youth Home
 Family Crisis Center - Great Bend (domestic violence shelter)
 Family Crisis Services - Garden City (domestic violence shelter)

Family Life Center of Butler County - El Dorado (domestic violence shelter)
 The Farm, Inc. (children family service agency)
 4-H Club of America - (statewide)
 Harbor House, Wichita (domestic violence shelter)
 Healthy Start Plus - Reno County
 Kansas Childrens Service League - Healthy Start Plus Program
 Kansas Families for Kids
 Kansas Smokeless Kids Initiative
 Kanza Council, Boy Scouts of America
 Kaw Valley Girl Scout Council, Inc.
 Law Enforcement Explorer Post, #721
 Liberal Area Rape & Domestic Violence Service - Liberal
 MS Society - Eastern Kansas Branch
 Northwest Kansas Family Services - Hays (domestic violence shelter)
 Roots & Wings - Wichita
 Safehome - Overland Park (domestic violence shelter)
 Santa Fe Trail Council, Boy Scouts of America
 S.O.S. - Emporia (domestic violence shelter)
 Sunflower Partners Project
 Sunflower Girl Scout Council, Inc.
 Tumbleweed Girl Scout Council, Inc.
 Wheatbelt Area Girl Scout Council of Kansas
 Wichita Childrens Home
 Women's Transitional Care Services - Lawrence
 YWCA Women's Crisis Center - Wichita
 Youth Opportunities Unlimited - Kansas City, KS