

CONSUMER PROTECTION IN KANSAS

Kutzbly

1987



Annual Report of the Consumer Protection Division
OFFICE OF ATTORNEY GENERAL
ROBERT T. STEPHAN
State of Kansas

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



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN
ATTORNEY GENERAL

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3781

January 4, 1988

TO: The Honorable Mike Hayden, Governor
and Members of the Kansas Legislature

I commend to your reading the following report of my Consumer Protection Division. 1987 was a very active year and I am proud of the assistance my Consumer Protection Division was able to provide to Kansans.

On behalf of Kansans I have taken an active role in Consumer Protection issues on both a national and state level. My goal is to protect Kansas consumers from unfair and deceptive business practices. It is only through strong enforcement and public education that we are able to continue to protect the rights of Kansas consumers.

I appreciate the support Consumer Protection in Kansas has received from the Governor and the Legislature, and ask for your continued assistance in protecting Kansas consumers.

If my staff or I may be of service to you or your constituents, or if we can answer any questions you may have regarding Consumer Protection in Kansas, please feel free to contact me.

Very truly yours,

ROBERT T. STEPHAN
Attorney General

INTRODUCTION

This past year saw an explosion of consumer rip-offs known as "travel scams." Nationwide, billions of dollars were lost to "boiler room" operations selling what appeared to be cheap vacation packages. The scam operators obtained consumers' credit card numbers through telephone solicitations and closed before consumers realized that they would not obtain their sought after vacations. A variation on the travel scam theme included \$29 "Two For One" certificates. Hundreds of thousands were sold nationally, touting two for one airline tickets to popular destinations such as Hawaii, Las Vegas and Reno. However, when attempting to book reservations, consumers discovered that the ticket which must be purchased was at full fare. One ticket at full fare most often cost more than two at discounted fares available from local travel agents. Refunds were sought and obtained through the credit card companies when the boiler rooms disappeared.

Attorney General Robert T. Stephan unleashed a new weapon aimed at businesses operating under Chapter 11 of the U. S. Bankruptcy Code and continuing to take Kansas consumers' money without delivering goods or services before eventually closing operations for good. Lawsuits were filed or threatened against such businesses requiring written disclosure to each prospective customer that the business was involved in bankruptcy proceedings and that there was no guarantee the consumer would receive the goods or services he sought. Consumers were entitled to a copy of the written disclosure and the Attorney General required the business to obtain the consumer's signature and allow inspection by Special Agents of the businesses' records to assure compliance.

Attorney General Stephan played a leadership role in multi-state efforts through the National Association of Attorneys General to combat consumer protection issues which transcend state boundaries. With Attorney General Stephan as a co-sponsor of a resolution establishing a national task force, Kansas is on the executive committee of the national task force investigating deceptive advertising by the airline industry. National guidelines relating to deceptive airfare advertising and frequent flyer programs were written in part by Stephan and adopted overwhelmingly by more than 40 states. Kansas also played a role in calling attention to safety concerns relating to the design of three-wheel all-terrain vehicles. These efforts led to a federally negotiated settlement with

all-terrain vehicle manufacturers resulting in the withdrawal of three-wheel all-terrain vehicles from the American marketplace. The Attorney General participated in a national settlement with Chrysler Corporation which will return nearly 200 thousand dollars to Kansas consumers who own vehicles which had odometers disconnected by Chrysler while its executives drove the new cars.

Attorney General Stephan is the national leader and sponsor of a resolution organizing a multi-state task force to investigate deceptive advertising by the car rental industry. In addition to advertising, the task force is also investigating add-on charges which look like insurance, but are paid to the car rental company to relieve the renter from liability under the rental contract for damage to or loss of the vehicle.

The Attorney General continues his aggressive campaign of consumer education throughout the State of Kansas by delivering literally hundreds of speeches, news releases and by publication of a weekly consumer advice column which is sent to over 200 newspapers each week. A new consumer advice radio column and consumer alert program are now available to Kansas radio stations. In addition, thousands of visitors viewed examples of consumer rip-offs and spoke with Attorney General Stephan, special agents and attorneys of the Consumer Protection Division while visiting the Attorney General's Consumer Protection Booth at the Kansas State Fair.

DISPOSITION OF CLOSED COMPLAINTS

	Complaints Closed	Percent of Total
Inquiry or Information Only	255	6.86
Referred to Private Attorney	88	2.36
Referred to County/District Attorney	13	.34
Referred to Other Attorney General	160	4.30
Referred to Other Kansas Agency	12	.32
Referred to Small Claims Court	106	2.85
Referred to Federal Agency (FTC, Post Office, etc.)	55	1.47
Money Refunded/Contract Cancelled--Amount	1,055	28.38
Merchandise Delivered	279	7.50
Repaired/Replaced	99	2.66
Mediation Only -- No Savings	366	9.84
No Reply From Complainant	239	6.42
Unable to Locate Respondent	73	1.96
Practice Discontinued	15	.40
Respondent Out of Business	170	4.57
No Basis	138	3.71
No Jurisdiction	230	6.18

	Complaints Closed	Percent of Total
Insufficient Evidence	18	.48
Withdraw	56	1.50
Unable to Satisfy Complainant--Further Action Not Warranted	24	.65
Voluntary Compliance Agreement	3	.08
Other	190	5.11
Lawsuit Complaint Files	73	1.96
a. Insufficient Evidence	(0)	(0)
b. Merchandise Delivered	(0)	(0)
c. Money Refunded/Contract Concluded--Amount	(37)	(.10)
d. No Jurisdiction	(0)	(0)
e. Practice Discontinued	(1)	(.03)
f. Repaired/Replaced	(0)	(0)
g. Respondent Enjoined	(15)	(.40)
h. Unable to Locate Respondent	(17)	(.45)
i. Other	<u>(3)</u>	<u>(.80)</u>
TOTAL CASES CLOSED	3,717	100%

CATEGORIES OF NEW COMPLAINTS

CASES RECEIVED	4,358
CASES CLOSED	3,717
TOTAL ANNUAL SAVINGS	\$653,849.00

	Complaints Received	Percent of Total
Miscellaneous	317	7.27
Aluminum Siding	0	0
Advertising	91	2.09
Ad Brokers	47	1.08
Appliances	49	1.12
Automobiles	532	12.20
Boats, Boating Equipment, Repairs, etc.	15	.34
Book, Record and Tape Clubs	40	.92
Business Opportunity Services	30	.68
Cable Television	0	0

	Complaints Received	Percent of Total
Clothing	25	.57
Cemeteries	10	.22
Collectibles/Antiques	18	.41
Collection Practices	44	1.01
Computers	10	.23
Contests	83	1.90
Credit Reporting Agencies	6	.13
Credit Code	117	2.68
Discount Buying Clubs	224	5.14
Door-to-Door Sales	15	.34
Education	29	.66
Encyclopedias	3	.07
Employment Services	3	.07
Energy Savings Devices	35	.80
Failure to Furnish Merchandise (Other Than Mail Order)	24	.55
Farm Implements/Equipment	51	1.17

	Complaints Received	Percent of Total
Fire, Heat & Smoke Alarms	0	0
Floor Coverings	15	.34
Food Products	4	.09
Fund Raising (Charities, etc)	11	.25
Franchise Sales	10	.22
Funeral Homes	4	.09
Furniture	46	1.06
Gasoline Pricing	2	.05
Gasoline Content	1	.02
Gasohol and Stills	1	.02
Government Agencies	0	0
Health Services (Doctors, Dentists, Hospitals, etc.)	30	.68
Health Spas and Weight Salons	92	2.11
Hearing Aids	13	.29
Heating and Air Conditioning	14	.32
Home Improvements	139	3.19
Home Construction	6	.14

	Complaints Received	Percent of Total
Hypnosis (Smoking, Weight Loss, etc.)	0	0
Inquiries	0	0
Insurance	0	0
Invoice and Billing Schemes (Noncredit Code)	4	.09
Interest Rates and Lending Companies (Other Than Credit Code)	7	.16
Jewelry	27	.62
Kitchenware	2	.05
Land Sales (Subdivided Out of State)	52	1.19
Land Sales (Subdivided Kansas)	99	2.27
Land Resale Companies	0	0
Landlord/Tenant	7	.16
Loan Finders	2	.05
Lotteries	0	0
Magazines	174	3.99
Mail Order Companies	853	19.57
Mobile Homes and Campers (Sales/Service)	21	.48

	Complaints Received	Percent of Total
Mobile Home Parks	3	.07
Motorcycles and Bicycles	12	.27
Moving and Storage	15	.34
Multi-level and Pyramid Distributorship Companies	41	.94
Musical Instruments, Lessons, etc.	4	.09
Nurseries, Gardening Equipment, etc.	4	.09
Nursing Homes	1	.02
Office Equipment and Supplies	14	.32
Pest Control	6	.13
Pets/Animals	6	.13
Photo Equipment and Services	17	.39
Photo Studios and Companies	31	.71
Referral Selling	3	.05
Rebates	35	.80
Real Estate (Houses)	28	.64
Real Estate (Other Than Houses)	70	1.60
Satellite Dishes	14	.32

	Complaints Received	Percent of Total
Securities and Investments		
(Other Than Stocks and Bonds)	31	.71
Services (General)	23	.52
Services (Professional)	9	.20
Sewing Machines	3	.06
Sporting Goods	5	.11
Steel Buildings	7	.16
Stereos and Record Players	14	.32
Stocks and Bonds	0	0
Sundries	0	0
Telephone Solicitations	11	.25
Televisions and Radios	33	.75
Timeshare Sales	9	.20
Toys	1	.02
Trade and Correspondence Schools	6	.13
Travel Agencies	341	7.82
Travel and Transportation	47	1.07

	Complaints Received	Percent of Total
Utilities	20	.45
Vending Machines	0	0
Warranty Problems	5	.11
Water Softeners, Conditions, Purifiers, etc.	1	.02
Work-at-Home Schemes	<u>35</u>	<u>.80</u>
TOTAL	4,358	100.0%

SUMMARY OF 1987 LAWSUITS

STATE, ex rel. v. KEN PRICE d/b/a MOPAR PARTS

The defendant had taken payment from a consumer and had not delivered the parts ordered. This lawsuit was filed in 1984 in Douglas County. A default judgment was taken against the defendant. The defendant is currently making payments on the judgment.

STATE ex rel., v. BYRON WRIGHT d/b/a AGRICULTURAL STEEL BUILDINGS OF AMERICA and EAGLE STEEL STRUCTURES

The defendant was selling steel building dealerships to Kansas consumers. The suit filed in January, 1985 alleges the defendant made misrepresentations of material facts to Kansas consumers who purchased the dealerships, including the price competitiveness of steel building products, the profit potential, and failed to provide proper dealership support services as promised.

This case has been continued on the court's docket for settlement negotiations with the defendant. The defendant was recently convicted on federal charges and is in prison.

STATE ex rel., v. DONALD & JEAN CHRISTENSEN d/b/a CHRISTENSEN MONUMENTS

The defendants received money as deposits on cemetery markers but never delivered them to consumers. After filing suit in 1984 in Shawnee County, a judgment was taken against the defendants. The judgment was found non-dischargeable in the defendants' bankruptcy. The Attorney General's Office is attempting to collect on the judgment.

STATE ex rel. v. CHERYL TIDWELL AND COMMUNITY CREDIT
COUNSELING SERVICES OF SOUTH CENTRAL KANSAS, INC.

Defendants committed deceptive acts and practices by representing to consumers that a credit counseling service would be offered. The consumers paid money to the defendants under an agreement in which the defendants agreed to send portions of the payment to creditors of the consumers. The defendants failed to forward all of the money to creditors and misrepresented the nature of the credit counseling and the payment service. A consent judgment was entered into in 1985. Periodic payments have been made by defendants to consumers.

IN RE NORTHWEST FINANCIAL EXPRESS, INC. ;
NWFX, INC., AND GOLD FINANCIAL EXPRESS

NWFX, Inc. through contracts with 7 - 11 convenience stores and Derby service stations in Kansas, sold money orders to Kansas consumers. When NWFX filed for bankruptcy in August, 1986, several thousand Kansans were left holding worthless money orders. The Attorney General promptly demanded that the owners of 7 - 11 stores and Derby stations give refunds to Kansas purchasers of the money orders.

7 - 11 and Derby subsequently entered into an agreement with the Attorney General and have paid refunds to Kansans. The Kansas Bank Department held a \$200,000 surety bond issued by NWFX, Inc. The Attorney General participated in the bankruptcy proceedings in order to deposit that surety bond into the bankruptcy for the benefit of Kansas consumers. That bond should allow for Kansas consumers to be repaid for their worthless money orders.

STATE, ex rel. v. DENNY ARMSTRONG, ED PARKER
d/b/a WORLDWIDE AUTO BROKERS

This lawsuit was filed in Johnson County, Kansas in 1987. The suit alleges the defendants advertised and sold an auto broker training service. Alleged misrepresentations are that the defendants failed to disclose the requirement of a license and the requirement of an office outside the home for the license. The case is still pending.

STATE, ex rel, v. PLATT COLLEGE,
SUBSIDIARY OF C.E.C., INC.

The Attorney General entered into a consent judgment with Platt College in Olathe in November, 1987. This consent judgment was in cooperation with the Johnson County District Attorney's Office. The consent judgment alleged that misrepresentations were made by Platt about transferability of college credit; that Platt College sales personnel representatives were "counselors" when in fact they were salesmen; representations that Platt's placement department placed graduates at a rate of 97% when in fact the majority of graduates were not successfully placed through the assistance of the placement department of Platt; representations that prospective students must qualify through testing, when in fact Platt College accepted students regardless of their educational abilities; representations that Platt College offered training providing the student with specific training to enable them to obtain a high status of employment, when in fact the school did not provide adequate teaching and did not provide adequate material to instruct students; and Platt College falsely represented salary expectations to prospective students.

The defendant, without admitting liability to any of the allegations, entered into the consent judgment. The defendant agreed to pay partial restitution to students who were named in the lawsuit and who had filed complaints with the Attorney General's Office and with Johnson County District Attorney's Office. The defendant paid \$5,000 in civil penalties to the State of Kansas. The defendant will pay \$2,000 to the Attorney General's Investigation Fund and \$2,000 to the District Attorney's Investigation Fund.

STATE, ex rel., v. VIP BUILDERS, RON STONE, JR.,
a/k/a C. R. STONE, JR. a/k/a C. R. STONE
a/k/a R. P. BAYLEY AND P. A. STONE a/k/a PAM TYLER
a/k/a PAMELA TYLER a/k/a ANN P. TYLER

This lawsuit was filed in September, 1987 in Johnson County. The suit alleges the defendants made misrepresentations to consumers about swimming pools. The defendants took deposits from the consumers but did not install the pools as promised. The lawsuit is still pending.

STATE, ex rel., v. NORDEN LABORATORIES, INC.

The defendant entered into a consent judgment with the Attorney General in November, 1987 which was filed in Shawnee County. The consent judgment alleged that the defendant marketed a rabies vaccine with a label which violated the Kansas Consumer Protection Act. Without admitting liability, the defendant did agree to the consent judgment. The defendant paid the Attorney General \$2,000 in investigative fees and expenses. The suit also requires the defendant to pay Kansas veterinarians \$5 per animal in cash or credit on account (as requested by the veterinarian) for revaccinating intramuscularly every dog and cat which was vaccinated subcutaneously with the defendant's rabies vaccines.

STATE, ex rel., v. RICK, INC.
d/b/a RICK'S ANTIQUE AUTO PARTS, INC.

This consent judgment was entered into in December, 1987 and filed in Wyandotte County. The consent judgment alleges the defendant failed to deliver parts within a reasonable time; failed to refund the consumers' advance payments when parts were unavailable or undelivered within the time promised; and delivered automobile parts which were not of the quality specified in the advertising. Without admitting liability, the defendant voluntarily entered into the consent judgment. The defendant agreed to pay \$2,000 civil penalty and \$3,000 investigation expenses to the Attorney General. The defendant also agreed to make restitution to consumers who had outstanding complaints with the Attorney General at the time of the consent judgment. The defendant also agreed to follow certain guidelines set out in the consent judgment in handling all future consumer orders.

STATE, ex rel., v. KANSAS SOLAR & ELECTRIC, INC.

The lawsuit involves the sale of experimental solar equipment. A consent judgment was entered into with defendant to replace vertical solar plates with horizontal solar plates, to remove the air conditioning unit and a refund to the consumer. The Attorney General's Office is presently attempting to collect money from the defendant.

STATE, ex rel., v. INTERNATIONAL FITNESS CENTERS
OF LENEXA, INC. AND K. C.
INTERNATIONAL FITNESS CENTER, INC.

This consent judgment was entered into in April, 1987 in Johnson County. The suit alleged that the defendant made misrepresentations to consumers including: representations were made of approval by the Attorney General of the defendant when no approval or endorsement had been given; representations that Johnson County District Attorney's Office had approved fee schedules, management or operation of the facilities when no such approval had been given; representations that the newly imposed fee for old members had been approved by the bankruptcy court when in fact the fees had been unilaterally imposed by the defendants; representations that the newly imposed fee for the old members was being held in a trust account when in fact those fees were under the sole and absolute control of the defendants; representations that the terms of the membership contract were "meaningless" or "unenforceable" when no court had ruled on the validity of the contract terms. Without admitting liability, the defendants entered into the voluntary consent judgment. The defendant agreed to refrain from all those acts listed above.

IN RE NUMART, INC.

Numart, Inc. filed for Chapter 11 reorganization in bankruptcy in 1987. The Attorney General intervened in the bankruptcy to protect a judgment granted in Sedgwick County in 1987 which ordered restitution for named consumers. Numart paid \$1,000 in investigative fees to the Attorney General's Office before filing the bankruptcy. The Attorney General filed a claim to protect that judgment in the bankruptcy. No reorganization plan has been presented by the defendant to date. The bankruptcy is still pending.

STATE, ex rel., v. NUMART, INC.

The defendants filed for Chapter 11 reorganization in bankruptcy in July, 1987. The defendant continued to sell buying club memberships without revealing the bankruptcy. Also, the closing of one of the Kansas stores was not disclosed to Kansas consumers who purchased memberships. The Attorney General filed a lawsuit in July, 1987 requesting a temporary injunction requiring Numart to reveal

the fact of the bankruptcy to potential new members and the fact of the store closing. The temporary restraining order was granted. The defendant then entered into an agreement with the Attorney General's Office to disclose the bankruptcy and the store closing to new members.

STATE, ex rel., v. ROBERT KERR, ROGER FREED
d/b/a R & R SPORTSMEN'S CLUB

This group sold "trespass permits" for hunting and fishing rights on farmers' land. It also offered a referral sales plan based on multi-level marketing. In March, 1987 the defendant entered a consent judgment with the Attorney General. New marketing materials were developed to eliminate the misrepresentations. The defendant moved to modify the consent judgment in July, 1987 and went back into business after having complied with the requirements of the consent judgment.

STATE, ex rel., v. DENNIS ASBURY
d/b/a GOLDEN SWEEPSTAKES COMPANY

On February 20, 1986 a lawsuit was filed in Johnson County District Court. It alleged the defendant committed deceptive and unconscionable acts and practices in connection with its coupon program, utilizing cash register receipts and gift certificates. A journal entry of consent judgment was entered into on the 16th day of June, 1987. Defendant was enjoined from soliciting or selling any advertising or public relations campaign or coupon program. Defendant was also ordered to cancel contracts made with merchants in Salina, Emporia, Manhattan, Lawrence, Ottawa, Wichita, Hutchinson and Dodge City, Kansas. In accordance with the judgment and commitment order of Judge Dale E. Saffels issued in the case of the United States of America v. Dennis Asbury, case number 87-20001-002 (D. Kan. May 18, 1987,) defendant was ordered to pay restitution in the amount of \$15,676.95 for disbursement to Kansas consumers. Wayne Levesque, a participant with Mr. Asbury, was similarly indicted and sentenced to 3 years and ordered to pay restitution in the amount of \$7,186.75. Consumers have been notified.

STATE, ex rel. v. NATIONWIDE PRINTING, INC., PRINTERS
CLEARINGHOUSE, DAVID E. WILLIAMS, KEITH AINSWORTH,
BRENDA AINSWORTH, AND OLIVER EDWARDS

On October 23, 1986, a lawsuit was filed in the Shawnee County District Court. It alleged that defendants committed deceptive and unconscionable acts and practices in connection with the sale of advertising specialty products. Our lawsuit sought injunctive relief, restitution, civil penalties, expenses and costs. July 6, 1987 a journal entry of consent judgment was filed which enjoined defendants from engaging in any deceptive or unconscionable acts and practices. Specifically, that defendants could not verbally or in writing represent to purchasers that they could avoid federal or state gift or income taxes. Defendants were enjoined from representations that consumers would receive a prize or gift and that defendants are running a "give away" when in fact a significant charge must be paid to receive the item designated as a gift or prize. Further, defendants were enjoined from misrepresenting the type, quality, nature or features of the merchandise offered for sale. Defendants were ordered to reasonably resolve all consumer complaints which are brought to their attention either by the State of Kansas or residents of the state complaining directly to the defendants. Defendants were ordered to pay \$3,000 to the Office of the Attorney General as reasonable expenses and investigative fees. Defendants have continued to resolve Kansas consumer complaints providing refunds to those whom requested.

STATE, ex rel. v. WEST TEXAS LIQUIDATORS

On January 22, 1987 a lawsuit was filed in the Shawnee County District Court. It alleged that defendants committed deceptive and unconscionable acts and practices in connection with the advertising and subsequent sale of rifles. The lawsuit sought injunctive relief, restitution, civil penalties, expenses and costs. On July 14, 1987 a journal entry of judgment by default was entered by the state against the defendant David Traynor. Defendant's acts and practices were declared deceptive and in violation of the Kansas Consumer Protection Act with regard to the advertising and sale of rifles. Defendant was ordered to pay \$4,000 as restitution to Kansas consumers. The defendant was additionally ordered to pay a civil penalty of \$3,000 and \$1,000 as reasonable expenses and investigative fees. Pursuant to a judgment and commitment order in the United

States District Court for the Southern District of California in United States of America v. David Traynor, case number 87-0074-G-Criminal, defendant pled guilty to charges of mail fraud and was ordered to the custody of the United States Attorney General for imprisonment of a period of 30 months. Additionally, he was ordered to pay restitution and is facing deportation to England after he is released.

STATE, ex rel. v. COMMON TITLE BOND & TRUST,
ROGER N. ELVICK, CADEN ELVICK AND BOB SAYLOR

On July 6, 1987 a lawsuit was filed in the Shawnee County District Court. It alleged that defendants had committed deceptive and unconscionable acts and practices in connection with the issuance of sight drafts and bills of exchange with Kansas consumers, specifically farmers, in exchange for promissory notes and deeds of trust issued from the consumers to Common Title. In addition, the defendants mislead consumers into believing that the bills of exchange and sight drafts would be honored by the federal reserve system and they are not. The petition sought injunctive relief, restitution, withdrawal of all deeds of trust filed in various counties, and civil penalties. On August 24, 1987 a consent judgment was entered between the State and Bob Saylor in which he agreed to disassociate himself with Common Title Bond & Trust or any similar program in the state of Kansas. Service has been obtained on Roger Elvick. To date no service has been made on Caden Elvick. Roger Elvick has yet to file an answer.

STATE, ex rel. v. JAMES L. MARSH d/b/a KLASSIC PRODUCTS

On October 7, 1987 a petition was filed in the District Court of Wyandotte County, Kansas. The petition alleged the defendant committed deceptive and unconscionable acts and practices in connection with the sale of popcorn vending machines. The lawsuit seeks injunctive relief, restitution, civil penalties, expenses and costs. Defendant also sells distributorships in violation of former court orders enjoining him from the sale of vending machines and distributorships. We have been unable to perfect service in Kansas upon the defendant. Presently we are trying to serve him in Missouri.

STATE, ex rel. v. HALLMARK STUDIOS

On November 18, 1987 a petition was filed in the District Court of Shawnee County, Kansas. The petition alleged that the defendant, a Tennessee corporation, had violated the Kansas Consumer Protection Act and had been involved in deceptive and unconscionable acts and practices. The defendant solicits business by placing contest boxes in retail establishments and consumers enter the contest by submitting their name. Defendant sends notices to all the contestants advising them that they had won a grand prize which is a free 16 x 20 portrait for a small sitting charge. The petition seeks injunctive relief as well as civil penalties, restitution and costs and expenses. Negotiations are ongoing with defendant.

STATE, ex rel., v. ROBERT FATTAHI
d/b/a "HIT THE JACKPOT"

On December 23, 1987 a petition for approval of journal entry of consent judgment was filed in the Shawnee County District Court. The consent judgment enjoined defendant from engaging in acts and practices alleged to be deceptive. Defendant sells certificate books that provide for free products and services to Kansas consumers by Topeka area merchants. Additionally, a vacation for two is offered to various locations, however, the consumer must purchase one round trip ticket at the all year coach airfare rate from Star Promotions of Tarzana, California. Defendant was ordered to pay \$2,000 in investigative fees. The State continues to monitor the business practices of "Hit the Jackpot" to determine compliance with the Kansas Consumer Protection Act and the journal entry of consent judgment.

STATE, ex rel. v. MATNEY, et al.

This action was filed in November, 1980, and sought a variety of remedies, including actual damages and injunctive relief under the Kansas Consumer Protection Act. It was alleged the defendants, who were both the owners of six separate cemetery corporations and the corporations themselves, had failed to deliver burial markers upon need by the consumer. Further portions of the petition alleged the cemeteries were abandoned under state law, and permanent maintenance trust funds had not been maintained as required by law.

Following extensive discovery, a settlement agreement was reached as to a portion of the lawsuit in February, 1982. The permanent maintenance funds were restored in the form of trust accounts in a bank (for a total of \$206,000), and the owners agreed to sell their interests by January 1, 1983. Such a sale was made to an established Kansas City firm which already owned and operated other cemeteries, and which agreed, as part of the sale, to provide those markers which had been purchased previously on a pre-need basis.

Summary judgment has been granted and the amount of damages is to be determined by the court. Negotiations are ongoing.

STATE, ex rel. v. GREENCREST MEMORIAL GARDENS

Lawsuit filed in fall, 1985 representing numerous complaints. Dismissed with agreement that Defendant Fuller would take care of complaints promptly. Several complaints have been forwarded to defendant's attorney for action.

STATE, ex rel. v. AMY TRAVEL

Travel club fraud. Consent judgment filed. Permanently enjoining defendant from certain misleading practices from failing to disclose certain information, also ordering them to undertake certain acts, including telephone confirmation of the sale prior to charging the consumer's credit card. AMY is to pay \$7,500. \$1,500 received until the Federal Trade Commission instituted a Temporary Restraining Order and freeze of assets in July.

STATE, ex rel. v. JOHN KING d/b/a T-TOWN MOTORS

Consent judgment filed March, 1987, whereby defendant will discontinue practice of using written disclaimers of warranty and will properly display the "Buyers Guide." Defendant paid a civil penalty of \$250 and \$100 in investigative fees.

STATE, ex rel. v. AMERICA'S ENERGY MANAGEMENT, INC.

Kansas consumer entered into dealership agreement to sell "energy management systems." Although he paid for a sales kit, he never received the equipment. Petition filed June, 1987. Service could not be obtained and the lawsuit was dismissed in October, 1987.

STATE, ex rel., v. HOWARD NICHOLS & COMPANY

Complaints involve the sale to consumers of a service to waterproof basements. The process used did not waterproof. Consent judgment filed in March, 1987 enjoining defendant from engaging in the waterproofing business in Kansas. Defendant ordered to pay civil penalties and damages. Trying to locate defendant.

STATE, ex rel. v. EAGLE OIL & GAS

This suit involves an oil and gas leasing company, which was apparently the largest one in the business. Default judgment was taken for nearly three-quarters of a million dollars, with a garnishment made on annuities deposited in a California insurance company. Before payment was made, a federal court in south Florida enjoined the state from further proceedings, based on the fact that another, more recent lawsuit there involved the Federal Trade Commission and the defendant company. The state contested the exercise of the court's jurisdiction over the state suit, which is in no way connected with the Florida proceeding. The federal court ruled it properly enjoined the State of Kansas from further proceedings, pending the conclusion of the FTC's action. At the end of 1984, the FTC suit was nearing time for trial, following the conclusion of other federal proceedings of a criminal nature (mail fraud, etc.) against some of the same defendants. The Florida court has denied the State's motion for relief from the injunction. The State was made a defendant in a class action in ancillary suits for declaratory judgment of the State's claim against Eagle Oil & Gas.

STATE, ex rel., v. RICHARD LANKFORD, et al.

Defendant is a resident of Indiana who sells horses to consumers. A Kansas consumer purchased a horse from defendant and discovered after the purchase that the horse would not perform in a safe manner. It was eventually learned that a previous consumer had purchased the horse and experienced difficulty in controlling the horse.

A lawsuit was filed on October 5, 1984, alleging defendant failed to state material facts with regard to the horse sold to the Kansas consumer. In addition, the lawsuit alleged material misstatements were made to the consumer. The lawsuit continues to pend in court.

STATE, ex rel., v. FINANCIAL RESEARCH AND
DEVELOPMENT, INC., UNIFIED BROKER CONSULTANTS, INC.
INDEPENDENCE BROKER CONSULTANTS, INC., JACK CHOATE,
ROBERT JONES AND CHARLES NAUDET

The lawsuit was filed in November, 1982. The petition alleged each defendant participated in a scheme by which consumers who wished to become loan brokers paid \$7,790. The materials received in return proved to be of dubious worth, while the references given later were found to be aligned directly with the defendants' businesses.

Following institution of the suit, an agreement was reached whereby defendants would cease doing business in this state, and would refund \$7,500. To date, \$6,000 has been repaid and forwarded to the consumers. The above-mentioned judgment was filed in the Circuit Court of Jackson County, Missouri and an order for final personal judgment against the defendants was approved by the court. Negotiations continue with defendant for the collection of \$1,500 for the consumer.

STATE, ex rel. v. HUDSON OIL CO., INC., et al.

This suit was filed October 20, 1983. Thereafter, Hudson Oil Co., Inc., filed bankruptcy. Further proceedings against the company have been "stayed" by the bankruptcy court. Conferences with the bankruptcy court in regard to the claims against the other defendant have been held on May 29, 1984, November 19, 1984, and

March 4, 1985. Negotiations between individual defendant and bankruptcy trustee are ongoing.

STATE, ex rel. v. DEAN ENDSLEY
d/b/a DEAN ENDSLEY CONSTRUCTION

The lawsuit resulted in the entry of a default judgment in 1986. The defendant committed deceptive and unconscionable acts and practices by soliciting money for painting service from consumer, who paid money to have buildings painted. Defendant kept the consumer's money, but did not complete the painting. The Attorney General's Office is attempting to locate the defendant.

STATE, ex rel., v. TANTALON CORPORATION

A consent judgment was entered into with defendant who agreed to refund \$2,500 to consumer for claim of a guaranteed loan.

This lawsuit was filed to recover money paid to a loan finder which "guaranteed" that if a loan was not consummated, the finder's fee would be returned. No loan was found, and the company refused to repay the fee. Company forfeited its articles of incorporation in July, 1987. The Attorney General's Office is attempting to collect on judgment.

STATE, ex rel., v. SUPERIOR MORTGAGE, INC.

This case involved consumer applications for mortgages with various problems. Some of these involved interest rate lock-in periods which had lapsed because of the mortgage company's delay. This usually resulted in the consumer paying a higher interest rate. There were also problems with hidden costs the consumer was not aware he/she would have to pay.

Consent judgment filed wherein Superior agreed to refund discount points above those quoted, refund costs the consumer was not advised he/she would have to pay, rewrite certain loans at the interest rate quoted, and refund some loan processing fees. They also paid \$10,210.25 in investigative fees.