



Court: Shawnee County District Court
Case Number: 2016-CV-000222
Case Title: State of Kansas ex rel Derek Schmidt Atty General
vs. Central Regional Dental Testing Service Inc
Type: Journal Entry of Consent Judgment

SO ORDERED.

A handwritten signature in black ink, appearing to read "Rebecca Crotty".

/s/ Honorable Rebecca Crotty, District Judge

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Third Judicial District

STATE OF KANSAS, <i>ex rel.</i>,)	
DEREK SCHMIDT, Attorney General,)	
)	
Plaintiff,)	
)	
v.)	Case No. 2016-CV-
)	
CENTRAL REGIONAL DENTAL)	
TESTING SERVICE, INC.)	
)	
Defendant.)	
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(Pursuant to K.S.A. Chapter 60)		

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW the Plaintiff's Journal Entry of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). The Plaintiff, State of Kansas, *ex rel.* Derek Schmidt, Attorney General, appears by and through James Welch, Deputy Attorney General, and Adrian Serene, Assistant Attorney General. Defendant appears through Arthur E. Palmer, attorney for Defendant.

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

PARTIES, JURISDICTION, AND VENUE

1. Derek Schmidt is the duly elected and acting attorney general of the State of Kansas.
2. The Attorney General's authority to bring this action is derived from the statutory and common law of the State of Kansas, specifically the Kansas Consumer Protection Act ("KCPA"), K.S.A. 50-623 *et seq.*
3. Defendant Central Regional Dental Testing Service, Inc. is a not for profit corporation organized and existing under the laws of Kansas.
4. Defendant has a mailing address of 1725 SW Gage Boulevard, Topeka, Kansas, 66604.

5. Defendant admits for purposes of this action only and in compromise of a disputed claim that it is a “supplier” within the definition of K.S.A. 50-624(l).

6. Defendant admits for purposes of this action only and in compromise of a disputed claim that it is engaged in “consumer transactions” in Kansas, as defined by K.S.A. 50-624(c).

7. Jurisdiction and venue are appropriate in District Court of Shawnee County, Kansas, pursuant to K.S.A. 50-638(a) and (b), respectively.

ALLEGATIONS

8. On or about March 20, 2014, Defendant threw into an unsecured dumpster more than 900 paper files containing personal information relating to Defendant’s candidates for licensure as dentists or dental hygienists and the candidates’ patients. The files contained candidates’ names, social security numbers, birthdates, addresses, and other personal information. The files also contained patients’ names, addresses, medical history, x-rays, and other personal information.

9. In disposing of the paper records described above, Defendant failed to take reasonable steps to destroy or arrange for the destruction of the records by shredding, erasing, or otherwise modifying the personal information to be unreadable or indecipherable.

10. Plaintiff alleges that Defendant’s disposal of the paper records did not comply with Kansas public policy, as expressed by K.S.A. 50-7a03.

11. Plaintiff alleges that Defendant’s disposal of the paper records amounted to unconscionable acts or practices in connection with a consumer transaction, in violation of K.S.A. 50-627.

12. Defendant admits the violation of Kansas law for purposes of this action only and in compromise of a disputed claim.

13. Defendant has contended that the disposal of the records in question occurred by reason of an employee mistake and in contravention of Defendant's protocol for destruction of documents.

INJUNCTIVE RELIEF

14. Defendant agrees to comply with the KCPA in all transactions involving Kansas consumers.

15. Defendant agrees to destroy the records in question by hiring a shredding service to shred the documents. Defendant agrees to be solely responsible for all expenses associated with shredding the documents. Plaintiff agrees to physically supervise the shredding process to ensure all records are destroyed pursuant to Kansas public policy, as expressed by K.S.A. 50-7a03.

16. Defendant agrees to be permanently enjoined from entering into, forming, organizing, or reorganizing into any partnership, corporation, sole proprietorship, or any other legal structure for the purpose of avoiding compliance with the terms of this Consent Judgment.

MONETARY PROVISIONS

17. Defendant agrees to pay to the Plaintiff a total monetary amount of \$140,000. The total amount is to be divided as follows: \$70,000 of the Plaintiff's monetary amount shall be considered a civil penalty, and \$70,000 of the Plaintiff's monetary amount shall be considered an investigative fee. The entire monetary amount is due upon the filing of this Consent Judgment.

OTHER PROVISIONS

18. The provisions of this Consent Judgment will be applicable to Defendant.

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. 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 portions, provisions, or parts.

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

22. The parties understand that this Consent Judgment shall not be construed as an approval of or sanction by the attorney general of the Defendant's business practices, nor shall the Defendant represent the Consent Judgment as such approval. The parties further understand and agree that any failure by the State of Kansas or by the attorney general to take any action in response to any information submitted pursuant to this Consent Judgment shall not be construed to be an approval of or sanction of any representations, acts, or practices of the Defendant, nor shall any inaction by the attorney general be considered a waiver by the attorney general of any rights under this Consent Judgment or the law.

23. Defendant hereby represents and warrants that Defendant has had the opportunity to consult with and receive the advice of legal counsel regarding all matters relative to this Consent Judgment, including the Defendant's rights and obligations under this Consent Judgment and the consequences of breach hereunder. Defendant represents that Defendant has read the Consent

Judgment and knows and understands the contents thereof. Defendant further represents and warrants that Defendant is signing this Consent Judgment as the result of their own free act, and that Defendant has not relied on any statement or representation of the attorney general or anyone acting on his behalf, except for those contained in this Consent Judgment.

24. By signing this Consent Judgment, the representative of Defendant Central Regional Dental Testing Service, Inc. represents and warrants that such person is duly and legally authorized to execute this Consent Judgment on behalf of this Defendant, thus binding the Defendant to the provisions of this Consent Judgment.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved pursuant to the Kansas Consumer Protection Act and the provisions of K.S.A. 50-632(b) as the findings of fact and conclusions of law of the Court and that judgment is entered against Defendant and in favor of Plaintiff for a total monetary amount of \$140,000.00, with \$70,000 of the amount as a civil penalty and \$70,000 of the amount as an investigative fee; the terms of the Consent Judgment are approved and adopted as the Order of the Court.

IT IS SO ORDERED.

Prepared and approved by:

Attorneys for Plaintiff:

s/Derek Schmidt

Derek Schmidt, KS# 17781
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s/James Welch

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s/Adrian Serene

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and

Defendant Central Regional Dental Testing Service, Inc.:

s/ Arthur E. Palmer

Arthur E. Palmer, KS# 5949
Goodell Stratton Edmonds & Palmer
515 South Kansas Avenue
Topeka, Kansas 66603