

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS

Division _____

STATE OF KANSAS, *ex rel.*)
DEREK SCHMIDT, Attorney General,)
)
Plaintiff,)
)
v.)
)
FIRST KANSAS FINANCIAL, LLC)
and)
TED ULAN an individual,)
)
Defendants.)

Case No. _____

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SEP 30 2011
KANSAS ATTORNEY GENERAL

(Pursuant to K.S.A. Chapter 60

JOURNAL ENTRY CONSENT JUDGMENT

NOW on this 27th day of September, 2011, 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 J Welch, Deputy Attorney General.

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, qualified and acting Attorney General for 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 First Kansas Financial, LLC is a domestic corporation organized and existing under the laws of Kansas and registered with the Kansas Secretary of State.

4. Defendant Ted Ulan is the president of Defendant First Kansas Financial, LLC.

5. Defendant Ulan resides at 2826 Westlake Dr. in Emporia, KS 66801.

6. Defendants are “suppliers” within the definition of K.S.A. 50-624(j).

7. Defendants are engaged in consumer transactions in Kansas within the definition of K.S.A. 50-624(c).

8. Defendant admits that this Court has personal and subject matter jurisdiction over all matters and parties hereto.

DEFINITIONS

As used herein, the following terms shall mean:

9. “Consumer,” “Client,” or “Customer” shall mean any individual, husband and wife, sole proprietor, or family partnership who seeks or acquires property or services for personal, family, household, business or agricultural purposes, as defined in K.S.A 50-624.

10. “Defendant” shall mean First Kansas Financial, LLC and Ted Ulan along with their employees, directors, officers, owners, members, managers, parents, agents, assigns, and all other persons or entities acting in concert with them or on their behalf, and their predecessors, subsidiaries, affiliates, and successors.

11. “Represent” means to state or imply, directly or indirectly, through claims, statements, questions, conduct, graphics, symbols, lettering, formats, devices, language, documents, messages, or any other manner or means by which meaning might be conveyed. This definition applies to other forms of the word “represent,” including without limitation “representation,” “misrepresent,” and “misrepresentation.”

12. "Forensic loan audit" means the service and any product associated with, reviewing original mortgage loan documents for potential non-compliance with state and federal law.

ALLEGATIONS

13. Defendants engage in the advertising, solicitation and sale of forensic loan audits to consumers.

14. The Plaintiff alleges that Defendants, while offering forensic loan audits for sale in Kansas, engaged in deceptive and unconscionable acts and practices in violation of the KCPA, which acts and practices include, but are not limited to:

- a) Making misrepresentations regarding the characteristics and benefits of Defendants' products and services, in violation of K.S.A. §50-626(b)(1)(A);
- b) Making representations regarding the benefits of Defendants' products and services, without a reasonable basis for making such representations, in violation of K.S.A. §50-626(b)(1)(F);
- c) Engaging in the unauthorized practice of law in Kansas, by engaging in acts and practices that require specialized knowledge of legal principals in the course of examining documents for state and federal law violations on behalf of consumers;
- d) Making representations that the Defendant employed knowledgeable attorneys, without employing attorneys, in violation of K.S.A. §50-626(b)(1)(B).

CONSUMER RESTITUTION

15. Defendants agree to provide a refund to the following Kansas consumers in the amounts set forth below, to the extent such refund has not already been received. Restitution shall be made to each consumer no later than September 30, 2011.

Janel Adams \$495.00

Gary Justis \$495.00

Joseph Urich \$495.00

Joyce Cook \$495.00

Jeanette Wheeler \$495.00

Elizabeth McCord \$495.00

Mike and Penny Shepherd \$495.00

Nathan and Selena Myers \$495.00

Ray and Nancy Ibarra \$495.00

Seab Eor and Sor Eng \$495.00

INVESTIGATIVE FEES AND CIVIL PENALTIES

16. Defendants agree to pay \$5,000.00 in expenses to the Office of the Kansas Attorney General, pursuant to K.S.A. §50-632.

17. Defendants agree to pay \$5,000.00 in civil penalties to the Office of the Kansas Attorney General, pursuant to K.S.A. §50-636.

18. Defendants agree to pay the aforementioned fees and penalties, by check, no later than December 31, 2011.

19. Defendants agree that pursuant to 11 U.S.C. 523(a)(2)(A) and (a)(7), and due to the nature of the conduct underlying this settlement, any unpaid restitution, penalties and/or fees shall not be dischargeable in any bankruptcy proceeding commenced after the entry of this Consent Judgment.

OTHER PROVISIONS

20. The provisions of this Consent Judgment will be applicable to the Defendants, and every employee, agent or representative of the Defendants.

21. Defendants agree to be permanently enjoined from engaging in any consumer transactions, which involve the product or sale of forensic loan audits within the State of Kansas. Defendants further agree that every employee, agent or representative of the Defendants be permanently enjoined from engaging in any consumer transactions within the State of Kansas.

22. Defendants agree to be permanently enjoined from entering into, forming, organizing or reorganizing into any partnership, corporation, sole proprietorship or any other legal structures, where such restructuring is done for the purpose or object of avoiding compliance with the terms of this Consent Judgment.

23. 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.

24. 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.

25. Compliance with this Consent Judgment does not relieve the Defendants 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.

26. 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 the Defendants nor shall the Defendants 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.

27. Each of the Defendants' representatives, signing this Journal Entry of Consent Judgment, warrants that the representative has been duly authorized by the Defendants for whom the representative appears to be acting to enter and execute this Journal Entry of Consent Judgment on behalf of Defendants.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved as the findings of fact and conclusions of law of the Court and any monies owed hereunder by Defendants immediately become a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendants and in favor of Plaintiff for investigative fees in the amount of \$5,000.00, civil penalties in the amount of \$5,000.00 and \$4,950.00 in consumer restitution.

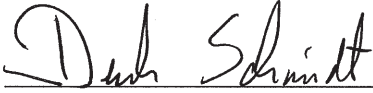
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. 50-632(b), the court hereby approves the terms of the Consent Judgment and adopts the same as the Order of the Court.

IT IS SO ORDERED.

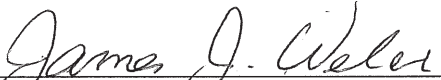
DISTRICT COURT JUDGE

Prepared and approved by:

PLAINTIFF:



Derek Schmidt #17781
Attorney General
Office of Kansas Attorney General
120 Southwest 10th Ave., 2nd Floor
Topeka, Kansas 66612-1597
(785) 296-2215



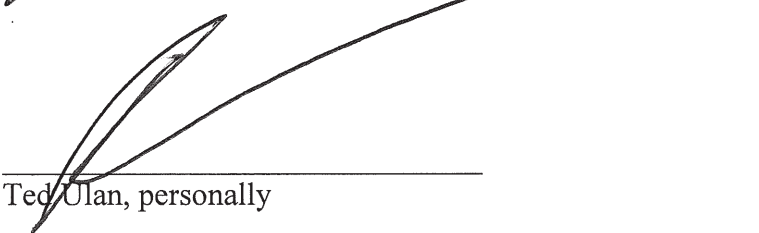
James J Welch #09546
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Attorney for Plaintiff

DEFENDANTS:



Ted Ulan, Managing Member of
First Kansas Financial, LLC



Ted Ulan, personally