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FILED BY CLERK
K.S. DISTRICT COURT
THIRD JUDICIAL DIST.
TOPEKA, K.S.

2006 JAN 25 P 1:57

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 12

STATE OF KANSAS, ex rel.,
PHILL KLINE, Attorney General

Plaintiff,

v.

DESIGN SAVERS PLAN, LLC

Defendant.

Case No. 06C111

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

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 24th day of January, 2006, Plaintiff's Journal Entry of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). Plaintiff, the State of Kansas, *ex rel.* Phill Kline, Attorney General, appears by and through Bryan J. Brown, Deputy Attorney General. Defendant appears pro se.

Whereupon, the parties advise the Court that they have stipulated and agreed to the following matters:

1. Phill Kline is the 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, K.S.A. 50-623 *et seq.*

3. Defendant Design Savers Plan, LLC is a Colorado Limited Liability Company with a principal place of business located at 2851 South Parker Road, Aurora, Colorado 80014.
4. Defendant is a supplier who markets, promotes, advertises or otherwise distributes a discount card that purports to offer discounts or access to discounts in health-related purchases from health care providers in Kansas, as defined in K.S.A. 50-1,100(a) and K.S.A. 50-1,101(a). As such, Defendant is subject to the Kansas Discount Card Act, K.S.A. 50-1,100 through K.S.A. 50-1,105.
5. The Court has personal and subject matter jurisdiction over the parties for the sole purpose of entering into this Consent Judgment and any subsequent enforcement thereof.
6. Defendant stipulates and waives any objection to venue in Shawnee County for the sole purpose of entering into this Consent Judgment and any subsequent enforcement thereof.
7. The Plaintiff alleges Defendant engaged in the following unconscionable acts and practices in violation of the Kansas Consumer Protection Act, specifically K.S.A. 50-1,101 and K.S.A. 50-1,103:
 - a. Upon commencing business in Kansas, Defendant failed to maintain a surety bond in the amount of \$50,000.00 issued by a surety company authorized to do business in Kansas, or establish a surety account in the amount of \$50,000.00 at a federally insured bank, savings and loan association or federal bank located in Kansas, in violation of K.S.A. 50-1,101(b)(6).
 - b. Upon commencing business in Kansas, Defendant failed to designate a resident agent who is a resident of Kansas for service of process and is registered with the Kansas Secretary

of State's office, in violation of K.S.A. 50-1,103.

8. Defendant voluntarily agrees to this Consent Judgment without trial or adjudication of any issue of fact or law.
9. Defendant agrees to refrain from and to be permanently enjoined from engaging in those acts and practices alleged to be unconscionable in Paragraph Seven (7) of this Consent Judgment. Defendant agrees that engaging in such acts or similar acts after the date of this Consent Judgment shall constitute a violation of this Order and civil penalties will be imposed for each subsequent violation.
10. The provisions of this Consent Judgment will be applicable to Defendant, and every employee, agent or representative of Defendant.
11. Defendant agrees to make available and/or disclose the provisions of this Consent Judgment to its employees, agents and representatives within five days of signing the Consent Judgment.
12. Defendant agrees to be permanently enjoined from entering into, forming, organizing or reorganizing into any partnership, corporation, sole proprietorship or any other legal structures, for the purpose of avoiding compliance with the terms of this Consent Judgment.
13. Defendant agrees to come into full compliance with the provisions of the Kansas Discount Card Act or, in the alternative, cease the solicitation, sale, and marketing of its product in Kansas.
14. Defendant agrees to pay \$5,000.00 in civil penalties and investigative fees to the "Office of the Attorney General" of the State of Kansas. Payment shall be made by check, payable to the Office of the Attorney General, and shall

be delivered to the Attorney General of the state of Kansas at the time of Defendant's signing this Consent Judgment.

15. 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.
16. 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.
17. Compliance with this Consent Judgment does not relieve Defendant of any obligation imposed by 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.
18. The parties understand that this Consent Judgment shall not be construed as an approval or sanction by the Attorney General of the business practices of Defendant nor shall Defendant 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.

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 Defendant immediately become a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendant in favor of Plaintiff in the amount of \$5,000.00.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant pay all costs associated with this action.

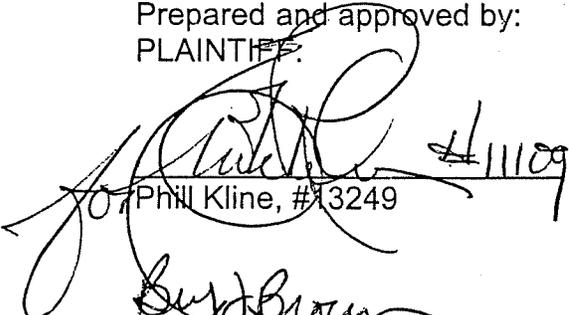
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act and the provisions of K.S.A. 50-632(b) the Court hereby approves the terms of the Consent Judgment and adopts the same as the order of the Court.

IT IS SO ORDERED.

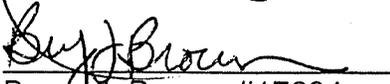


DISTRICT COURT JUDGE

Prepared and approved by:
PLAINTIFF.



Phil Kline, #13249



Bryan J. Brown, #17634
Deputy Attorney General
120 SW 10th, 2nd Floor
Topeka, Kansas 66612-1597

Attorneys for Plaintiff

DEFENDANT:

A handwritten signature in cursive script, appearing to read "Steven D. Smith".

Steven D. Smith, President
2851 South Parker Road
Suite 1300
Aurora, Colorado 80014