

01-077

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ATTORNEY GENERALS OFFICE

FILED BY CLERK
KS. DISTRICT COURT
THIRD JUDICIAL DISTRICT
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BY _____

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 4

STATE OF KANSAS, *ex rel.*
CARLA J. STOVALL, Attorney General

Plaintiff,

vs.

COLLEGE RESOURCE MANAGEMENT, INC.,

Defendant.

Case No. 01C1341

Petition Pursuant to K.S.A. Chapter 60

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 24th day of October, 2001, Plaintiff's Petition for Approval of Consent Judgment comes before the Court pursuant to K.S.A. §50-632(b). Plaintiff, the State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through James J. Welch, Assistant Attorney General. Defendant College Resource Management, Inc., appears by and through Robert Alderson.

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

1. Carla J. Stovall 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 College Resource Management, Inc. is a corporation organized under the laws of the state of Delaware. The principal office of the corporation is located at 801 West Freeway, Suite #850, Grand Prairie, Texas 75051.

4. Defendant College Resource Management, Inc. may be served with process by serving its registered agent, The Company Corporation, Three Christina Centre, 201 North Walnut Street, Wilmington, DE 19801.

5. Defendant is a supplier within the definition of K.S.A. §50-624(i) and has engaged in consumer transactions in Kansas within the definition of K.S.A. §50-624(c) and (h).

6. Defendant admits the Court has personal and subject matter jurisdiction over the parties.

7. Defendant stipulates and waives any objection to venue in Shawnee County.

8. Defendant operates as a company providing assistance to prospective college students and their families.

9. The Attorney General alleges Defendant engaged in the following acts and practices which are deceptive and/or unconscionable and violate the Kansas Consumer Protection Act:

a. Defendant represented to a consumer that the academic services provided by Defendant included certain financial services and benefits, which the Defendant does not, in fact, provide. This is a deceptive act, in violation of K.S.A. §50-626.

b. Defendant failed to disclose to consumers that Defendant's service agreement would be renewed automatically each year at a cost of \$300.00 per year unless the Defendant received a notice of non-renewal/cancellation from the consumer at least thirty (30) days prior to the renewal date. Such information is a material fact for a consumer's decision to sign such a service agreement with the Defendant and failure to

disclose this material fact is a deceptive act, in violation of K.S.A. §50-626.

- c. Defendant represented to consumers that it would guide consumers through the financial aid process which is part of the academic services provided by Defendant, but consumers had to contact Defendant repeatedly in order to get Defendant to comply with its own representation. This is a deceptive practice, in violation of K.S.A. §50-626.
- d. Defendant failed to provide consumers with an appropriate notice of consumers' rights to cancel its contract with Defendant, as required by K.S.A. §50-640. this is a deceptive act, in violation of K.S.A. §50-626.

10. Defendant voluntarily agrees to this Consent Judgment without trial or adjudication of any issue of fact or law. Defendant, by entering into this Consent Judgment, shall not be deemed to admit the violations of the Kansas Consumer Protection Act alleged herein, or any violation of state or federal law. Defendant has agreed to entry of this Consent Judgment without admitting any wrongdoing and for settlement purposes only.

11. Defendant agrees to refrain from and to be permanently enjoined from engaging in those acts and practices alleged to be deceptive or unconscionable in paragraph nine (9) of this Consent Judgment, and Defendant agrees that engaging in such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Order.

12. Defendant agrees to refrain from and to be permanently enjoined from engaging in any and all deceptive and/or unconscionable acts and practices in violation of the Kansas Consumer Protection Act, K.S.A. §50-623 *et seq.*, as it now exists or as amended in the future and Defendant agrees that engaging in such acts or practices after the date of this consent judgment shall constitute a violation of this Order.

13. The provisions of this Consent Judgment will be applicable to Defendant, and every employee, agent or representative of Defendant.

14. Defendant agrees to make available and/or disclose the provisions of this Consent Judgment to its employees, agents, independent contractors, and representatives within five days of signing the Consent Judgment.

15. Defendant agrees to resolve any and all present and future complaints filed with the Office of the Attorney General regarding Defendant after the date of this Consent Judgment by making full refunds to such consumers within 30 days of the date such complaint is forwarded to Defendant for resolution.

16. 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.

17. Defendant agrees to pay \$20,000 to the State of Kansas, Office of Attorney General, pursuant to K.S.A. §50-632. Payment shall commence with a payment of \$2,000 on or before October 31, 2001 and shall continue as follows: \$2,000 on or before February 15, 2002 and \$2,000 on or before the 15th day of each month thereafter through October 15, 2002, until the entire amount has been paid in full.

18. Defendant agrees to pay all expenses and reasonable attorney's fees in connection with the collection of any amounts in this judgment, provided Defendant does not pay the amounts as agreed herein within the time frame stated.

19. Defendant agrees to maintain all business records for a period of three years and to allow the Attorney General to inspect all of Defendant's business records in the future.

20. 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 for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of violations thereof, or for modification of this Consent Judgment upon agreement of the parties. The parties agree that this Consent Judgment resolves all issues known to parties under the Kansas Consumer Protection Act relating to the

acts and practices alleged to be deceptive or unconscionable in paragraph nine (9), including subparagraphs, of this Consent Judgment up through the date of the execution of this Consent Judgment. Pursuant to the terms of this Consent Judgment, the Kansas Attorney General agrees that she and her office will not pursue any claims, demands or civil causes of action under the Kansas Consumer Protection Act against Defendant for the acts and practices alleged to be deceptive and/or unconscionable in paragraph nine (9) of this Consent Judgment up through the date of the execution of this Consent Judgment, excepting only any action which may be required to enforce the provisions of this Consent Judgment.

22. 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.

23. Compliance with this Consent Judgment does not relieve Defendant 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 her jurisdiction.

24. 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 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.

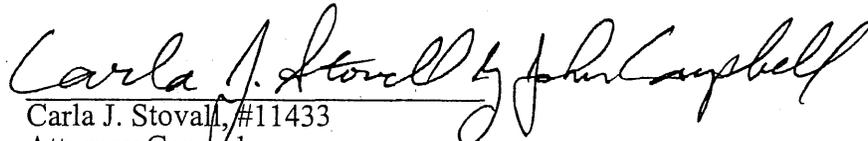
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendant in favor Plaintiff in the amount of \$ 20,000.

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.

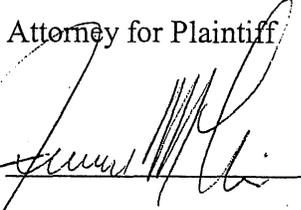

DISTRICT COURT JUDGE

Approved by:

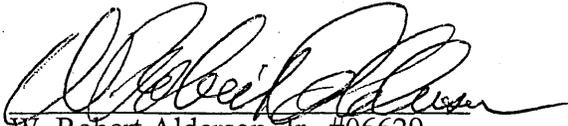

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