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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS  
Division 7

STATE OF KANSAS, *ex rel.* )  
CARLA J. STOVALL, Attorney General )  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
 )  
ACCESS RESOURCE SERVICES, INC., )  
PSYCHIC READERS NETWORK, INC., )  
STEVEN L. FEDER, individually, and )  
PETER STOLZ, individually )  
 )  
Defendants. )

Case No. 02C1415

Petition Pursuant to K.S.A. Chapter 60

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 22<sup>nd</sup> day of October, 2002, 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 Kristy L. Hiebert, Assistant Attorney General. Defendants Access Resource Services, Inc., Psychic Readers Network,

Inc., Steven L. Feder and Peter Stoltz appear by and through Robert M. Thompson, 1200 Main Street, Suite 3500, Kansas City, Missouri 64141.

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

**PARTIES, JURISDICTION AND VENUE**

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. Defendants Access Resource Services, Inc. and Psychic Readers Network, Inc. are foreign corporations organized under the laws of the states of Delaware and Florida, respectively. The principal offices of the corporations are located at 2455 East Sunrise Boulevard, 10th Floor, Fort Lauderdale, Florida 33304.
4. Defendant Steven L. Feder was a director of Psychic Readers Network and Access Resource Services until December 10, 2001. Defendant Feder was an officer of Psychic Readers Network until December 1999.
5. Defendant Peter Stolz is a president of Psychic Readers Network and Access Resource Services.
6. Defendants admit the Court has personal and subject matter jurisdiction over the parties, solely for the purposes of entering and enforcing this Consent Judgment.
7. Defendants stipulate and waive any objection to venue in Shawnee County.

8. Defendants were previously engaged in the promotion and sale of so-called "psychic services" whereby Defendants provide psychic readings or other information and entertainment services for a fee via pay-per-call or 900 telephone numbers.

### ALLEGATIONS

9. The Attorney General alleges Defendants are suppliers, as defined by K.S.A. §50-624(j), and have engaged in consumer transactions within the definition of K.S.A. §50-624(c) and (i).

10. The Attorney General alleges that the acts and practices described herein are deceptive and unconscionable acts and practices in violation of (K.S.A.) 50-626 and 50-627, in that Defendants, their agents or representatives;

- a. Advertised that consumers were entitled to a free reading with a psychic when the consumer who responded to such advertisement was unable to access and receive those portions of the free psychic reading that Defendants represented to be free;
- b. Misrepresented the nature, price, or cost of the goods or services being offered;
- c. Allowed access to 900 number calls by minors under the age of 18 and billed for such calls;
- d. Charged consumers for time spent "on hold";
- e. Billed consumers for calls that were not made from the consumer's telephone line, as the consumer was not the subscriber of the telephone line at the time the billed calls were alleged to have been made; and
- f. Billed consumers for time spent on line with a psychic when no clear-and-conspicuous notification was given to the consumer that free time with the psychic

had terminated, or knowingly billing consumers when the consumer was misled by a psychic into remaining on the line after the free time had expired.

11. Defendants voluntarily agree to this Consent Judgment without trial or adjudication of any issue of fact or law. Defendants specifically deny any wrongdoing and this Consent Judgment does not constitute an admission of any kind or a finding that Defendants have engaged in any unlawful act or practice.

**INJUNCTIVE RELIEF**

12. Defendants agree to refrain from and to be permanently enjoined from engaging in those acts and practices alleged to be deceptive or unconscionable in paragraph ten (10) of this Consent Judgment, and Defendants agree that engaging in such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Consent Judgment.

13. Defendants Access Resource Services, Inc. and Psychic Readers Network, Inc., directly or through any corporation, partnership, subsidiary, division or other device, including but not limited to, any successor corporation agree to be permanently enjoined from advertising, offering for sale, selling, providing, or billing for pay-per-call services, as currently defined by the Telephone Disclosure and Dispute Resolution Act 15 U.S.C. §5714(1) and 16 C.F.R. §308.2(c), in the State of Kansas.

14. Defendants agree 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.

15. Defendants agree to make available and/or disclose the provisions of this Consent Judgment to their employees, agents, officers, directors, representatives and affiliates in the pay-per-call industry within five days of signing the Consent Judgment.

16. Defendants and their successors agree to be permanently enjoined from selling, renting, leasing, transferring or otherwise disclosing the name, address, telephone number, credit card number, bank account number, e-mail address or other identifying information of any consumer who accessed or purportedly accessed Defendants' pay-per-call services to the extent that such information was obtained prior to the entry of this Consent Judgment; provided that Defendants may disclose such identifying information for the purposes of billing for Defendants' own charges arising from psychic services provided pursuant to a valid pre-subscription agreement as defined in 16 C.F.R. 308.2.

#### **THE DEFENDANTS' REPRESENTATIONS**

17. Defendants agree that the following documents and representations of Defendants regarding Defendants' businesses are true, accurate and complete:

- a. The documents entitled West Interactive Settlement Summary (ALL) for the period ending June, 2002, and Psychic Readers Network, Inc. Consolidated Financial Statement as of June 30, 2002 (attached to counsel for Defendants letter of August 28, 2002, to the Kansas Attorney General); and
- b. The representations made in counsel for Defendants letter of August 28, 2002, to the Kansas Attorney General's Office.

18. Defendants have represented to Plaintiff that Defendant Access Resource Services, Inc. is winding down its operations, and, in support of this representation, states the following:

- a. All telemarketing in the state of Kansas ceased March 6, 2002;
- b. The Defendants ceased placement of all forms of advertising (including video, print, direct mail, e-mail) on or before March 7, 2002;
- c. The availability of Access Resource Services, Inc.'s 1-900 service to Kansas consumers was blocked on or before August 12, 2002;
- d. Collections activity in Kansas was halted on August 1, 2002; and
- e. Kansas consumers have been forgiven of unpaid telephone charges totaling approximately \$2,275,000.00 dating back to August, 2000, and approximately \$5,300,000.00 dating back to January, 1998.

19. Defendants acknowledge and agree that Plaintiff relied on such statements and representations identified in Paragraphs 17 and 18 above in entering this Consent Judgment, and that Plaintiff reserves the right to seek to modify this Consent Judgment if said statements or representations are false in any material manner.

#### **RESTITUTION**

20. Defendants agree to forgive all outstanding debts owed by Kansas consumers for all unpaid pay-per-call charges prior to the date of the filing of this Consent Judgment.

21. Defendants agree to immediately cease all collection efforts on all unpaid accounts or claims arising from contracts, agreements, or understandings between Defendants and Kansas consumers who purchased or purportedly purchased any pay-per-call services. The cessation of such efforts includes, but is not limited to, directing all third parties engaged in collection efforts regarding such accounts or claims to cease immediately all such collection activities and to refrain from furnishing any negative information to any consumer reporting agencies. If Defendants have

reported any Kansas consumers to any credit reporting agency, Defendants agree to contact the credit reporting agency and have the debt removed from the consumer's credit history.

22. Defendants agree that for all Kansas consumers who: (1) have paid the Defendants in response to collection activity; and (2) either (a) have pending a request with the Office of the Attorney General for a refund from the Defendants as of the date this Consent Judgment is entered; or (b) file a complaint with the Attorney General's office within sixty (60) days of the date this Consent Judgment is entered; and (3) that alleges conduct by Defendant that is alleged in paragraph ten (10) hereof to be a violation of the Act, and where such complaint or request for refund was received in the ordinary course of business, the Defendants shall provide, within 30 days of the request, a refund equal to the full amount paid by such consumers. In the event that the Defendant declines a consumer's refund request, the Plaintiff shall be the final arbiter of whether a consumer is entitled to a refund in accordance with this order.

#### **PAYMENT TO THE STATE**

23. Defendants agree to pay a total of \$20,000.00 to the "Office of the Attorney General" of the State of Kansas pursuant to K.S.A. 50-632 (K.S.A. 2002 Supp.). Payment shall be made by a cashier's check and shall be delivered to the Attorney General of the State of Kansas at the time of signing the Consent Judgment.

#### **OTHER PROVISIONS**

24. The provisions of this Consent Judgment will be applicable to Defendants, their officers, directors, subsidiaries, employees, agents, representatives, and successors.

25. 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.

26. 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.

27. Compliance with this Consent Judgment does not relieve 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 her jurisdiction. The parties agree that upon execution and filing of this Consent Judgment and receipt of the amounts set forth above, Plaintiff releases Defendants from any and all claims, demands, or civil causes of action under the Kansas Consumer Protection Act arising out of any acts and practices engaged in prior to the date of filing this Consent Judgment of the type described in paragraph 10 of this Consent Judgment.

28. 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 Defendants nor shall 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.

29. 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 in favor of Plaintiff in the amount of \$20,000.00.

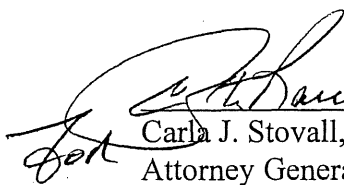
**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. §50-632(b), the Court hereby approves the terms of the Consent Judgment and adopts the same as the order of the Court.

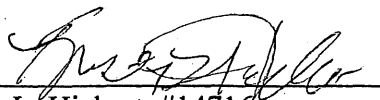
**IT IS SO ORDERED.**

\_\_\_\_\_  
DISTRICT COURT JUDGE

Approved by:

PLAINTIFF:

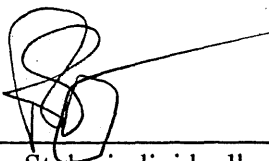
  
Carla J. Stovall, #11433  
Attorney General



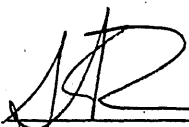
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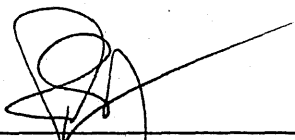
DEFENDANTS:



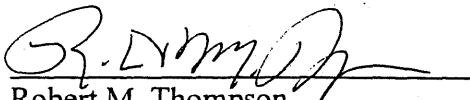
Peter Stolz, individually



Steven L. Feder, individually



Peter Stolz, President on behalf of  
Access Resource Services, Inc. and  
Psychic Readers Network, Inc.



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