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K.S. DISTRICT COURT
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TOPEKA, KS.

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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 17

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

Plaintiff,

vs.

INC21.com Corp. d/b/a Globalyp.net and
Global Yellow pages

Defendant.

Case No. 05C717

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

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 24th day of Aug, 2005, 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 Joseph N. Molina, Assistant 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.*, K.S.A. 50-670 (2002 Supp.) and K.S.A. 50-670a (2002 Supp.).
3. Defendant is incorporated in the state of California. Defendant's primary place of business is located at 1540 Market Street, Suite 435, San Francisco, California,

94102. All references to Defendant herein includes acts individually, in concert, or by or through employees, agents, representatives, affiliates, assignees and successors.

4. Defendant is a supplier, as defined by K.S.A. 50-624(i) and has engaged in the sale of "telecommunication services" as defined by K.S.A. 66-1,187 and amendments thereto.

5. Defendant is engaged in business as a reseller of telecommunication services (hereinafter "services"), including interstate/state-to-state and intrastate long distance services, to Kansas consumers.

6. 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.

7. 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.

ALLEGATIONS

8. The Attorney General alleges and Defendant admits that, directly or through its third party distributors, engaged in the following acts and practices:

- a. Failed to state a material fact when signing Kansas consumers up for intrastate and interstate long distance services.
- b. Misrepresented to consumers that their services had approvals that it does not have.
- c. Billed for services not affirmatively ordered by the consumer.

9. The Attorney General alleges that these acts and practices described in paragraph Eight (8) herein are deceptive and unconscionable acts and practices in violation of Kansas Statutes Annotated (K.S.A.) 50-626, 50-627, 50-676 and 50-677 (K.S.A. 2002 Supp.).

INJUNCTIVE RELIEF

10. Defendant voluntarily agrees to this Consent Judgment without trial or adjudication of any issue of fact or law.

11. Defendant agrees to refrain from and to be permanently enjoined from engaging in those acts and practices alleged to be deceptive and unconscionable in Paragraph Eight (8) of this Consent Judgment.

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

13. 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.

14. 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.

15. Defendant further agrees to comply with all rules and regulations established by the Kansas Corporation Commission, the Federal Trade Commission and the Federal Communication Commission.

16. Defendant also agrees to comply with the Kansas Consumer Protection Act, specifically, K.S.A. 50-6,103 *et seq.*

17. As a result of these deceptive and unconscionable acts the Defendant agrees to be enjoined from the sale of any products or services within the State of Kansas. However, upon successful completion of the terms of this Consent Judgment, which shall include full payments of all monies owed, the Defendant may apply to the Office of the Kansas Attorney General to resume operation in this state no sooner than sixty (60) months from the date of signing.

CONSUMER RESTITUTION

18. Defendant agrees to provide a full refund or credit for each consumer for each type of service listed in Exhibit 1, attached hereto and incorporated herein as though fully set forth herein, to the extent such full refund or credit has not already been received by each consumer from the Defendant. Any refunds shall be provided to the Office of the Attorney General in checks made payable to such consumers within ten (10) days of signing this Consent Judgment. If the complainant has not paid the Defendant and has outstanding bills, the Defendant will credit the account so that it has a zero balance. The Defendant will also reimburse such complainants for any switching charges incurred. The Defendant also agrees that no negative credit information has been or will be reported to any credit reporting agency for nonpayment of a bill from the Defendant for such complainants. The Defendant agrees to take all action necessary to remove and correct any negative information already reported related to a switch by the Defendant and subsequent billing for such complainants, and agrees to forego any collection of present outstanding amounts owed to the Defendant by such complainants.

PENALTIES AND FEES

19. Defendant agrees to pay \$4,800.00 in civil penalties and investigative fees to the "Office of the Attorney General" of the State of Kansas. The Defendant shall tender to the Office of the Attorney General \$400.00 at the time of signing this agreement. The remaining amount due shall be paid in eleven equal installments of four hundred dollars and 00/100, (\$400.00). Each payment shall be paid in thirty (30) day periods until all legally owed and due amounts are paid in full. Failure to make timely payment shall be deemed a violation of this agreement and all paid amounts shall be forfeited. The total remaining amount shall then become immediately due and owing. All payment shall be made by cashier's 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.

20. The Defendant further agrees that this judgment shall not be discharged in bankruptcy pursuant to the United States Bankruptcy Code, specifically 11 U.S.C. 523(a)(2)(A) and (a)(7).

21. 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.

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 his jurisdiction.

23. 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 of Plaintiff in the amount of \$4,800.00.

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.

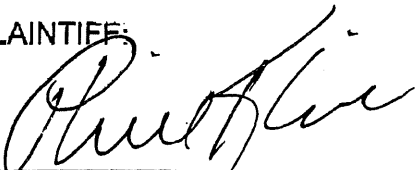
IT IS SO ORDERED



DISTRICT COURT JUDGE

Prepared and approved by:

PLAINTIFF:



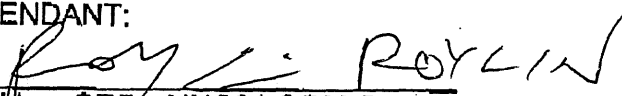
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