

FILED BY CLERK
KS DISTRICT COURT
3RD JUDICIAL DISTRICT

James J. Welch, # 09546
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JUN 26 1 52 PM '96
GENERAL JURISDICTION
TOPEKA KANSAS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 2

STATE OF KANSAS, *ex rel.*)
CARLA J. STOVALL, Attorney General,)
)
Plaintiff,)
)
vs.)
)
Richard L. Cooper, d/b/a Network Calling Card)
)
Defendant.)

Case No. 96CV;713

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 26 day of June, 1996, the plaintiff's petition for approval of consent judgment comes before the court for consideration. The State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through James J. Welch, Assistant Attorney General. Defendant Richard L. Cooper appears pro se. Whereupon, the parties advise the court that they have stipulated and agreed as follows:

- 0. Carla J. Stovall is the Attorney General of the State of Kansas.
- 0. Defendant admits the court has personal and subject matter jurisdiction over the parties.
- 0. Defendant voluntarily agrees to this consent judgment without trial or adjudication of any issue of fact or law.

4. Defendant is a supplier as defined by K.S.A. §50-624(i).
5. Defendant has solicited consumers to enter into consumer transactions, as defined by K.S.A. §50-624(c), in Kansas.
6. Defendant's represents that he has earned a "huge residual income" and been paid by Network Calling Card, although Defendant has received no payment from Network Calling Card or any of its employees, agents, representatives, or the like. This is in violation of K.S.A. §50-626(b) in that it is the willful use of exaggeration or falsehood as to a material fact.
7. Defendant's representations include promises that consumers will receive a "huge residual income," that "many will make money by accident," and the like, by entering into consumer transactions with Defendant. This is in violation of K.S.A. §50-626(b)(1)(F), in that it is the representation that services have a use, benefit or characteristic without a reasonable basis for making such representation.
8. Consumers are induced into joining the Network Calling Card plan with the promise that the consumer will receive a future bonus for finding additional persons who are willing to join the program. This promise of future financial benefit is the linchpin of the Network Calling Card program.
9. Defendant has engaged in multiple deceptive acts by making representations knowingly or with reason to know that the consumer will receive a rebate, discount or other benefit as an inducement for entering into a consumer transaction in return for giving the supplier the names of prospective consumers or otherwise helping the supplier to enter into other consumer transactions, where receipt of the benefit is contingent on an event occurring after the consumer enters into the transaction. The promotion and implementation of such a referral sales scheme constitutes multiple deceptive acts in violation of the Kansas Consumer Protection Act, K.S.A. §50-626(a) as defined in K.S.A. 50-626(b)(1)(E).

10. The provisions of this consent judgment will be applicable to the defendants, and every employee, agent or representative of the defendant corporation.
11. The defendants agree to make available and/or disclose the provisions of this consent judgment to his employees, agents and representatives.
12. This consent judgment shall be binding on any partnership, corporation, sole proprietorship or any other legal structures with which Defendant Richard L. Cooper, shall be associated in an ownership or managerial capacity.
13. Defendant agrees to refrain from and to be enjoined from engaging in all acts and practices alleged above by the State of Kansas to be deceptive and unconscionable.
14. Defendant agree to resolve all consumer complaints currently on file with the Attorney General's Office to the satisfaction of the Attorney General within thirty (30) days of the date of this consent judgment.
15. Defendant agrees to provide refunds on all consumer complaints sent to Defendant's last known address by the State of Kansas after the date of the filing of this consent judgment.
16. Defendant agrees to pay \$500 in investigation fees and expenses to the Attorney General of the State of Kansas, \$500 civil penalty to the State of Kansas, and make a contribution of \$500 to a charitable organization designated by the Attorney General. Payment will be by certified check or money order in five (5) \$300.00 monthly payments, with the first payment due on or before June 15, 1996, and each payment thereafter due on the fifteenth of the following months. Defendant agrees and acknowledges that Defendant's failure to make said payments at the times specified will result in the entire amount being due and payable subject to recovery by post-judgment recovery methods.
17. Defendant agrees to allow the Attorney General to inspect relevant business records in the future upon request of the Attorney General.

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 the court and that judgment is entered against Defendant in favor Plaintiff in the amount of \$1,500.

IT IS SO ORDERED.

(S/ Hon Fred Jackson)
DISTRICT COURT JUDGE

Approved by:
STATE OF KANSAS

Carla J. Stovall
CARLA J. STOVALL, #11433
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