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CLERK OF DISTRICT COURT
JUN 28 4 11 PM '96
TOPEKA, KANSAS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 3

STATE OF KANSAS, *ex rel.*)
CARLA J. STOVALL, Attorney General,))
)
Plaintiff,)
)
vs.)
)
American Dream Company and)
Robert B. Jones,)
)
Defendants.)
_____)

Case No. 96CV729

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 27 day of ~~April~~ ^{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. Defendants appear PRO SE. Whereupon, the parties advise the court that they have stipulated and agreed as follows:

1. Carla J. Stovall is the Attorney General of the State of Kansas.
2. Defendants admit the court has personal and subject matter jurisdiction over the parties.

3. Defendants voluntarily agree to this consent judgment without trial or adjudication of any issue of fact or law.
4. Defendants are suppliers as defined by K.S.A. 50-624(i), and has engaged in consumer transactions, as defined by K.S.A. 50-624(c), in Kansas.
5. Defendant Robert B. Jones operates American Dream Company, a business opportunity distribution program wherein recruits are required to pay \$100 per month. In exchange for this amount of money, a recruit receives a list of at least 500 names of other persons who have requested information from Defendant American Dream Company, and the right to offer the same arrangement to future recruits. An active participant in this plan is called an "Independent Marketer".
6. Defendants have stressed the tremendous financial opportunity available to people who join the American Dream Company plan. Recruits are told that for their \$100 per month investment, they may receive up to 80% commission on each sale of \$100, in addition to bonuses up to \$300,000 in value.
7. In order to receive a return on their \$100 investment, Independent Marketers are required to sell the program to others. Each person the marketer recruits is required to pay \$100 in order to obtain a list of names and the right to sell the concept to others.
8. The American Dream Company distribution scheme consists of buying the opportunity to sell that same right to others. The sale of mailing lists is incidental to the scheme. The product which is being distributed is rarely mentioned, and it is not clearly disclosed to consumer that the product, or "leads" consumer receives is the sole component of the program. Recruits do not receive retail sales information, marketing objectives, retail price list, catalog, re-order information or any other indicia of retail product promotion.

9. Consumers are induced into paying to join the American Dream Company program 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 American Dream Company program.
10. Defendants have 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 a deceptive act and practice, in violation of K.S.A. §50-626(b)(1)(E).
11. Defendants do not explain to consumers the eventual economic and mathematical failure of such a pyramid system due to market saturation. Thus, consumers are unaware that those recruited last in the system will have little chance of finding additional investors. This is in violation of K.S.A. §50-626(b)(3), in that Defendant willfully failed to state a material act, or willfully concealed, suppressed or omitted a material fact by failing to explain market saturation and its impact on future earnings in representations made by Defendants.
12. The provisions of this consent judgment will be applicable to the Defendants, and every employee, agent or representative of the Defendants.
13. Defendants agree to make available and/or disclose the provisions of this consent judgment to its employees, agents and representatives.
14. This consent judgment shall be binding on any partnership, corporation, sole proprietorship or any other legal structures with which Defendant Robert B. Jones shall be associated in an

ownership or managerial capacity.

15. Defendants agree to refrain from and to be enjoined from engaging in business in the State of Kansas.
16. Defendants 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.
17. Defendants agree to provide refunds on all consumer complaints sent to defendants' last known address by the State of Kansas after the date of the filing of this consent judgment.
18. The defendants agree to pay \$1,500 in investigation fees and expenses to the Attorney General of the State of Kansas, \$1,000 civil penalty to the State of Kansas, and make a contribution of \$1,500 to a charitable organization designated by the Attorney General at the time of filing this consent judgment. Payment will be by certified checks.

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.

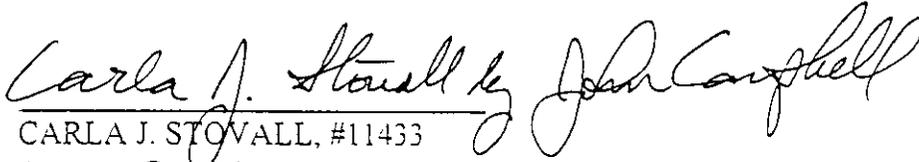
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas consumer protection act, and the provisions of K.S.A. 50-632(b), the court hereby approves the terms of the consent judgment and adopts the same as the order of the court.

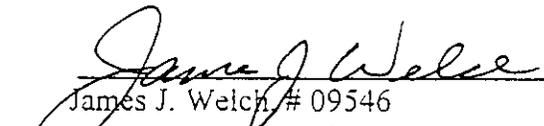
IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the defendant will pay all court costs and filing fees.

IT IS SO ORDERED.


DISTRICT COURT JUDGE

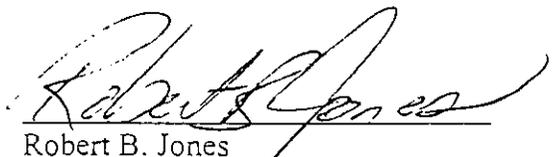
Approved by:
STATE OF KANSAS


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