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FILED BY CLERK
KS DISTRICT COURT
3RD JUDICIAL DISTRICT

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GENERAL JURISDICTION
TOPEKA KANSAS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS

Division 9

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

Plaintiff,)

vs.)

Rainbow International)
and Tony Williams,)

Defendants.)

Case No. 96 CV 831

Petition Pursuant to K.S.A. Chapter 60

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 25 day of July, 1996, 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. Defendants Tony Williams and Rainbow International, appears pro se.

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 Rainbow International is a sole proprietorship organized under the laws of the state of Arizona. Defendant Tony Williams is the owner and operator of Rainbow International.

4. Defendants are suppliers 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).

5. Defendants admit the Court has personal and subject matter jurisdiction over the parties.

6. Venue is proper in Shawnee County because an act or practice declared to be a violation of the Kansas Consumer Protection Act occurred in such county and because Defendants have no principal place of business in the state of Kansas.

7. Defendants are a lottery pool promotion company.

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

a. Defendants offered for sale and sold chances in lottery pools to Kansas consumers without disclosing to such consumers that any and all lotteries conducted by any entity other than the state of Kansas are illegal. This is a violation of K.S.A. §50-626(b)(3) in that it is the willful failure to state a material fact and the willful concealment, suppression and omission of a material fact;

b. Defendants delivered solicitations to consumers labeled "INVOICE", without providing the notice required by K.S.A. §50-626(b)(11)(A). This is in violation of K.S.A. §50-626(b)(11), in that Defendants delivered solicitations to consumers which could reasonably be interpreted or construed as a bill, invoice, or statement of account due without the required disclosure.

c. Defendants delivered solicitations to consumers which represented that such consumers had previously done business with Defendants, regardless of whether or not such consumer had previously transacted business with Defendants. This is in violation of K.S.A. §50-626(b)(2), in that it is the willful use of exaggeration, falsehood, and ambiguity as to a material fact.

9. Defendants voluntarily admit liability and agree to this Consent Judgment without trial or adjudication of any issue of fact or law.

10. 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 eight (8) 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 Order.

11. Defendants agree 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 Defendants agree that engaging in such acts or practices after the date of this consent judgment shall constitute a violation of this Order.

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

13. Defendants agree 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. Defendants agree to resolve any future complaints filed with the Office of the Attorney General regarding Defendants after the date of this Consent Judgment to the satisfaction of the Attorney General within 30 days of the date such complaint is forwarded to Defendants for resolution.

15. 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.

16. Defendants have agreed to pay restitution to all Kansas consumers, pursuant to K.S.A. 50-632(a)(3). Any payments not previously made shall be made by certified checks and shall be delivered to the Attorney General of the State of Kansas at the time of signing this Consent Judgment.

17. Defendants agree to pay \$ 3,750.00 in investigation fees and expenses to the "Office of the Attorney General" of the State of Kansas. In addition, Defendants agree to pay a \$ 1,875.00 charitable donation to a charity chosen by the Attorney General and \$ 1,875.00 in civil penalties to the "State of Kansas". Payment shall be made by certified checks and shall be delivered to the Attorney General of the State of Kansas at the time of signing this Consent Judgment.

18. Defendants agree to maintain all business records for a period of five years and to allow the Attorney General to inspect all of Defendants' business records in the future.

19. 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.

20. 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.

21. 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

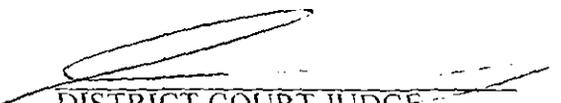
precluded from taking appropriate legal action to enforce civil or criminal statutes under her jurisdiction.

22. 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.

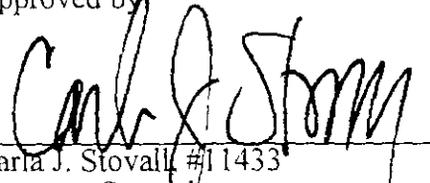
IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved as the findings of fact and conclusions of law of the Court and any monies owed hereunder by Defendants immediately become a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that 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


Carla J. Stovall #11433
Attorney General

James J. Welch

James J. Welch
Assistant Attorney General
Kansas Judicial Center
Topeka, Kansas 66612-1597
(913) 296-3751
Attorney for Plaintiff

Tony Williams

Tony Williams, owner and authorized representative
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Scottsdale, AZ 85250
Defendant