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FILED BY CLERK
IN DISTRICT COURT
THIS 27th DAY OF
SEP 27 8 43 AM '96
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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 4

STATE OF KANSAS, *ex rel.*)
CARLA J. STOVALL, Attorney General)
)
Plaintiff,)
)
vs.)
)
KEVIN MARK TRUDEAU and)
NUTRITION FOR LIFE INTERNATIONAL,)
INC.,)
)
Defendants.)

Case No. 96CV1080

Petition Pursuant to K.S.A. Chapter 60

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 27th day of SEPT, 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 Kevin Mark Trudeau and Nutrition For Life International, Inc, appear pro se having received the competent advice and assistance of David J. Bradford and Cathryn E. Albrecht of the Law Offices of Jenner and Block, One IBM Plaza, Chicago, Illinois.

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 Nutrition for Life International, Inc. (NFLI) is a foreign corporation organized under the laws of the state of Texas. The principal office of the corporation is located at 8801 Jameel, Suite #100, Houston, Texas 77040.
4. Defendant Kevin Mark Trudeau (Trudeau) is an individual residing in the State of Illinois. Defendant Trudeau is engaged in trade and commerce within the State of Kansas through his distributorship in NFLI sufficient to make jurisdiction over these proceedings appropriate.
5. Defendants admit they are suppliers within the definition of K.S.A. 50-624(i) and have engaged in consumer transactions in Kansas within the definition of K.S.A. 50-624(c) and (h) for purposes of this Consent Judgment and enforcement thereof, including, without limitation, enforcement of the provisions of paragraphs eleven (11) and twelve (12) below.
6. Defendants admit the Court has personal and subject matter jurisdiction over the parties and that venue is proper in Shawnee County for purposes of this Consent Judgment and enforcement thereof, including, without limitation, enforcement of the provisions of paragraphs eleven (11) and twelve (12) below.
7. Defendants are engaged in the trade or commerce of offering for sale and selling health care and other products to consumers sufficient to make jurisdiction over these proceedings appropriate.
8. The Attorney General alleges Defendants engaged in the following acts and practices which are deceptive and/or unconscionable and violate the Kansas Consumer Protection Act:

- a. Defendants adopted, implemented, or enforced in the Nutrition for Life International, Inc. Distribution System a policy and practice whereby Defendants paid commissions, bonuses, rebates, or other type of compensation to persons who had met the Nutrition for Life International, Inc. cumulative purchase requirements to achieve the executive level according to the Nutrition for Life marketing compensation plan on a basis other than totally upon the sale of Nutrition for Life International, Inc. products to end-users. This is in violation of K.S.A. §50-626(b)(1)(E), in that consumers received rebates, discounts or other benefits as an inducement for entering into consumer transactions, in return for giving Defendants the names of prospective consumers and otherwise helping Defendants to enter into other consumer transactions where receipt of benefit was contingent upon an event occurring after consumers entered into the transaction.
- b. Defendants represented, directly and by implication, that multi-level, or network, marketing businesses, including specifically the Nutrition for Life International marketing compensation program, offer or provide Distributors the opportunity or ability to make substantial income or profit as a result of wholesale and/or retail sales activities by leveraging the time of other persons, or from multiplication, duplication, and/or geometrical increases in the number of participants at lower functional levels of distribution, without disclosing that (i) not all Nutrition for Life participants earn derivative income in the Nutrition for Life plan, and that (ii) no one can be guaranteed success as a Nutrition for Life distributor. This is in violation of K.S.A. §50-626(b)(3) in that it is the willful failure to state material facts, and the willful concealment, suppression, and omission of material facts.
- c. Defendants, during recruiting meetings, made representations of potential sales, commission, bonus earnings, and/or purchase requirements for participants in the Nutrition for Life program which made willful use of exaggeration, falsehood,

innuendo, and ambiguity as to material facts, in violation of K.S.A. §50-626(b)(2).

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

10. Defendants, by entering into this Consent Judgment, specifically deny and shall not be deemed to admit the allegations or violations of the Kansas Consumer Protection Act alleged herein.

11. 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.

12. 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.

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

14. Defendants agree to make available and/or disclose the provisions of this Consent Judgment to their employees, agents, representatives, each NFLI Executive Distributor in Kansas, and all present and future management officials within thirty days of signing the Consent Judgment.

15. Defendants shall incorporate within their existing or future training meetings and seminar programs a program which shall emphasize compliance with Defendants' rules and policies consistent with this Consent Judgment.

16. 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.

17. 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.

18. Defendants agree to pay \$9,375.00 in investigation fees and expenses to the "Office of the Attorney General" of the State of Kansas. Payment shall be made by certified check and shall be delivered to the Attorney General of the State of Kansas at the time of signing this Consent Judgment.

19. Defendants agree to pay all expenses and reasonable attorney's fees in connection with the collection of any amounts in this judgment, provided Defendants do not pay the amounts as agreed herein within the time frame stated.

20. Defendants agree to maintain all business records for a period of five years and to allow the Attorney General, upon reasonable notice, to inspect all of Defendant's business records in the future to monitor compliance with this Consent Judgment.

21. Defendants agree to submit, in hard copy, any and all revisions to Defendants' World-Wide Web site(s) on the Internet, made within the six (6) months following the signing of this Consent Judgment. Defendants agree to advise Attorney General of any additional World-Wide Web site(s) on the Internet which are implemented by Defendants within one year following the signing of this Consent Judgment.

22. 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.

23. 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.

24. 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.

25. 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 Defendant immediately become a judgment upon filing.

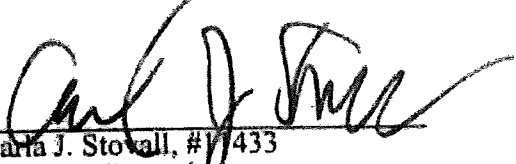
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendant in favor Plaintiff in the amount of \$9,375.00 for investigative fees and expenses.

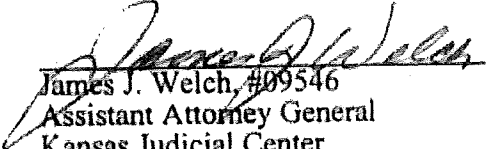
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. 50-632(b), the Court hereby approves the terms of the Consent Judgment and adopts the same as the order of the Court.

IT IS SO ORDERED.



DISTRICT COURT JUDGE

Approved by:


Carla J. Stovall, #1433
Attorney General


James J. Welch, #09546
Assistant Attorney General
Kansas Judicial Center
Topeka, Kansas 66612-1597
(913) 296-3751
Attorney for Plaintiff


Kevin Mark Trudeau


Dave Bertrand, President
Nutrition for Life International, Inc.
DAVID P. BERTRAND, PRESIDENT

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