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FILED BY CLERA
KS DISTRICT COURT
3RD DISTRICT

JUL 29 11 45 AM '98

TOPEKA, KANSAS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 3

STATE OF KANSAS, *ex rel.*)
CARLA J. STOVALL, ATTORNEY GENERAL,)
)
Plaintiff,)
)
v.)
)
KMART CORPORATION,)
)
Defendant.)
_____)

Case No. 98CV1024

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 29th day of July, 1998, the Plaintiff's Petition for Approval of Consent Judgment comes before the Court for consideration under K.S.A. 50-632(b). The Plaintiff, State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through Gail E. Bright, Assistant Attorney General. Defendant, Kmart Corporation, appears by Allan A. Hazlett, Attorney at Law.

WHEREUPON, the parties advise the Court that they have stipulated and agreed 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, Kmart Corporation, is a Michigan corporation doing business in Kansas. The principal office of the corporation is located at 3100 West Big Beaver Road, Troy, Michigan, 48084-3163.

4. Defendant is a supplier as defined by K.S.A. 50-624(i) and has engaged in consumer transactions within the definition of K.S.A. 50-624(b).

5. The Attorney General alleges that Defendant advertises jewelry using a regular price as a reference price to support claims of 50-60% off. The Attorney General further alleges that Defendant makes only incidental sales at the regular price and does not intend to sell jewelry at its regular price. It is alleged that this violates K.S.A. 50-626(b)(7), making false or misleading misrepresentations, knowingly or with reason to know, of fact concerning the reason for, existence of or amounts of price reductions, or the price in comparison to prices of competitors or one's own price at a past or future time.

6. Defendant denies the allegations of Plaintiff but, to resolve this matter voluntarily, agrees to this Consent Judgment without trial or adjudication of any issue of fact or law.

7. The provisions of this Consent Judgment will be applicable to the Defendant and its employees, agents, representatives, assignees and successors-in-interest.

8. Defendant agrees to refrain from and to be enjoined from representing in its advertising, directly or by implication, that any price is a regular, original or former price for any jewelry, unless:

- (a) the reference price is a price at or above which substantial sales of at least twenty-five (25) percent were made during a period of time, not less than thirty (30) days or more than twelve (12) months, which period of time includes the date of the advertisement; or
- (b) the reference price is a price at or above the price at which said jewelry, or jewelry of the same kind, quality or quantity was openly, actively, and in good faith, offered, and not sold for less than, to the public by the Defendant a majority of the time during a period of time, not less than thirty (30) days or more than twelve (12) months, which period of time includes the date of the advertisement (excluding any period of time for which it is clearance merchandise and not replenished).

9. Defendant agrees to pay \$15,000.00 in investigation fees and expenses incurred by the Office of the Attorney General of the State of Kansas and \$7,500.00 in civil penalties to the "Office of the Attorney General." In addition, Defendant agrees to make a charitable contribution, in the amount of \$7,500.00, to the "Kansas Nurses Foundation." Payment shall be made by cashier's checks and shall be delivered to the Attorney General of the State of Kansas at the time of signing of this Consent Judgment.

10. Defendant agrees to allow the Attorney General to inspect relevant business records in the future, including its advertisements, for up to one (1) year following their publication.

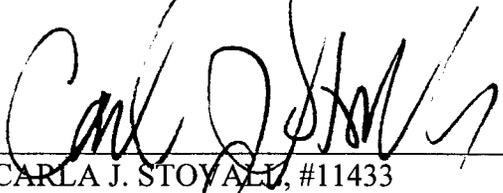
IT IS THEREFORE BY THE COURT ORDERED, ADJUDGED AND DECREED that the stipulation and agreement of the parties contained herein are adopted and approved as the findings of the Court.

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 SO ORDERED.

/s/ Marla J. Luckert
Judge of the District Court

PREPARED AND APPROVED BY:



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Gail E. Bright

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APPROVED BY:



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