

3. Defendant, American Business Alliance, Inc., is a foreign corporation organized under the laws of the State of Pennsylvania. The principal office of the corporation is located at 225 South Church Street, 2nd Floor, West Chester, PA 19380. American Business Alliance, Inc., applied with the Kansas Secretary of State for authority to do business in Kansas in April 1996 by filing a Foreign Corporation Application.

4. Each of the Defendant's representatives, signing this Journal Entry of Consent Judgment, warrants that the representative has been duly authorized by the Defendant for whom the representative appears to be acting to enter and execute this Journal Entry of Consent Judgment on behalf of Defendant.

5. Defendant admits that the Court has jurisdiction over the parties and the subject matter.

6. Venue is proper in Shawnee County because an act or practice alleged to be a violation of the Kansas Consumer Protection Act occurred in such county and because Defendant has no principal place of business in the State of Kansas.

7. Defendant American Business Alliance, Inc., (ABA) was engaged in business as a reseller and/or aggregator of long distance telecommunication services, including both intrastate and interstate service, hereinafter referred to as "long distance service," to Kansas consumers.

8. One of the long distance service plans offered by Defendant was "Group Savings Plan."

9. Defendant controlled the nature, quality and price of the long distance services provided to its customers.

10. The long distance service provided by Defendant was carried on AT&T facilities or lines during the period of time in which the Attorney General received and investigated complaints regarding American Business Alliance, Inc.

11. Beginning at a time unknown to Plaintiff, but at least since April 1996, Defendant, through its agents, employees and representatives, conducted telemarketing contacts with small Kansas business consumers in an effort to induce such consumers to use its long distance service.

12. Defendant is not an agent, subsidiary, corporation, or partner of AT&T.

13. "Slamming" refers to the unauthorized switching of one's long distance service from their chosen carrier.

14. Defendant is a supplier within the definition of K.S.A. 50-624(i) and engaged in consumer transactions in Kansas within the definition of K.S.A. 50-624(c).

15. The Attorney General alleges that the Defendant, its agents and representatives, committed deceptive and/or unconscionable acts and practices in consumer transactions in violation of the Kansas Consumer Protection Act, including, but not limited to:

- a. Misrepresenting to consumers that Defendant's representatives are agents of or are representing AT&T, or otherwise implying that Defendant is AT&T or a part of AT&T;
- b. Switching consumers' long distance service to Defendant when Defendant was told by consumers that they wanted to stay with their present long distance carrier;
- c. Switching consumers' long distance service to Defendant without the subscriber's authorization;
- d. Failing to terminate the telemarketing call upon a negative response given by the consumer pursuant to K.S.A. 50-670.

16. Defendant denies that it, or its agents or representatives, committed deceptive and/or unconscionable acts and practices in consumer transactions in violation of the Kansas Consumer Protection Act, including the acts or practices that the Attorney General specifically

alleged. Defendant agrees to this Consent Judgment without admission, trial or adjudication of any issue of fact or law.

17. The provisions of this Consent Judgment will be applicable to the Defendant, and every employee, agent or representative acting for the Defendant.

18. The Defendant agrees to make available and/or disclose the provisions of this Consent Judgment to each officer, director and employee of management level that is involved in Kansas operations of Defendant, if any, within ten days of signing the Consent Judgment.

19. The Defendant agrees to refrain from and to be permanently enjoined from engaging in all deceptive and unconscionable acts and practices in violation of the Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*, including, but not limited to, 1998 Kan. Sess. Laws, Chapter 138 as codified in K.S.A. 50-6,103 (1998), as it now exists or as amended in the future, and including, but not limited to, those acts or similar acts set forth in this Consent Judgment and Defendant agrees that engaging in any such prohibited acts shall be a violation of this order.

20. For each consumer who has filed a complaint with the Attorney General's Office prior to the date of this Consent Judgment regarding a switch in their long distance carrier which occurred prior to June 4, 1998, Defendant agrees to provide the relief set forth for each consumer in Exhibit 1, attached hereto and incorporated herein as though fully set forth herein, unless that relief has already been provided. Any refunds required in Exhibit 1 shall be provided to the Office of the Attorney General in checks made payable to such consumers within thirty (30) days of the date of this Consent Judgment. If Exhibit 1 provides that the complainant has not paid Defendant and has outstanding bills, Defendant will credit the account so that it has a zero balance. Defendant will also reimburse such complainants for any switching charges incurred. Defendant also agrees that no negative credit information will be reported to any credit reporting agency for

nonpayment of a bill from the Defendant for such complainants. Defendant agrees to take all action necessary to remove and correct any negative information already reported related to a switch by Defendant and subsequent billing for such complainants, and agrees to forego any collection of present outstanding amounts owed to Defendant by the listed consumers. Within forty (40) days of the filing of this Consent Judgment, Defendant shall provide the Attorney General with an affidavit, signed by an officer of the Defendant, confirming that Defendant has complied with the provisions of this paragraph.

21. For any future complaints filed with or supplied to the Office of the Attorney General, which complaints are meritorious as determined by the Office of the Attorney General, regarding a switch of long distance services occurring prior to June 4, 1998, Defendant agrees to resolve such complaints by providing relief consistent with the type of relief provided to consumers in Paragraph 20 above.

22. In each and every verbal solicitation or contact with a potential customer, Defendant shall state at least once, before obtaining or verifying the customer's name, address and phone number(s), the following, unless the consumer indicates they are not interested, want to remain with their current carrier, or otherwise provide a negative response, in which case, Defendant shall promptly terminate the call:

- a. The representative, employee or agent's full name;
- b. The name of the company on whose behalf the representative, employee or agent is making contact;
- c. That the purpose of the contact is to obtain authorization by the consumer to switch their long distance service from their current carrier to the company on whose behalf the telemarketer is calling, which shall be named. The words "switch" or "change" shall be used in the communication;

- d. That the Defendant, identified by company name, is not an agent of, acting on behalf of or a part of AT&T, Sprint, or MCI, unless such representation is true; provided, however, that this subparagraph shall only apply in the event reference to AT&T, Sprint or MCI is made by Defendant in connection with the solicitation; and
- e. That Defendant, identified by company name, is a reseller of long distance services and a competitor of AT&T, Sprint and MCI; provided, however, that this subparagraph shall only apply in the event reference to AT&T, Sprint or MCI is made by Defendant in connection with the solicitation; and
- f. That there may be a service charge for switching long distance carriers and the amount, if known, shall be stated.
- g. any material terms, conditions, or charges that will be incurred, including but not limited to recurring monthly fees or minimum billing requirements and that a schedule of rates for intrastate, interstate and international calls per minute or other increment of time used is available upon request;

23. Defendant shall not switch a consumer's current long distance service provider to Defendant's service without obtaining the express authorization of the consumer authorized to make the change, and Defendant shall, at a minimum, comply with all Federal laws, statutes, rules and regulations, including but not limited to 47 C.F.R. 64.1100, as they now exist or as amended in the future and all Kansas laws, statutes, rules and regulations, including but not limited to, 1998 Kan. Sess. Laws, Chapter 138 as codified in K.S.A. 50-6,103 (1998), as they now exist or as amended in the future.

24. In addition to the minimum verification methods set forth above, within three (3) business days of a Kansas consumer's request for a change in long distance service, Defendant

shall place a one-page letter in a plain legal size envelope, both the envelope and letter clearly marked in bold-faced 14 point type, "Switch in Long Distance Service Provider" in first-class United States mail to the consumer which letter clearly and conspicuously contains the following information:

- a. that the information is being sent to confirm a switch or change in long distance service ordered by the consumer within the previous week;
- b. that as a result of this change in telecommunications service, the consumer's long distance service provider will be "company identified by name";
- c. The name of the consumer's new underlying long distance carrier, if applicable;
- d. any material terms, conditions, or charges that will be incurred, including but not limited to recurring monthly fees or minimum billing requirements and that a schedule of rates for intrastate, interstate and international calls per minute or other increment of time used is available upon request;
- e. the name of the person ordering the change;
- f. the name, address and telephone number of both the consumer and Defendant; and
- g. the name, address and telephone number of a contact point at the Federal Communications Commission for consumer complaints.

25. The Defendant agrees 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.

26. The Defendant agrees to pay to the "Office of the Attorney General" the amount of \$50,000.00 to be used for investigative fees, costs and other consumer protection purposes

pursuant to K.S.A. 50-632. Payment shall be made by cashier's check and shall be delivered to the Attorney General of the State of Kansas at the time Defendant signs this Consent Judgment.

27. The Defendant agrees to maintain all business records for a period of three years and to allow the Attorney General to inspect all of the Defendant's business records, with respect to Kansas activities, in the future.

28. 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.

29. 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.

30. Compliance with this Consent Judgment does not relieve the Defendant 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. The parties agree that this Consent Judgment resolves all issues known to the parties under the Kansas Consumer Protection Act relating to the acts and practices alleged to be deceptive or unconscionable in paragraph fifteen (15) up through June 4, 1998. Pursuant to the terms of this Consent Judgment, the Kansas Attorney General agrees that she and her office will not pursue any claims, demands or civil causes of action under the Kansas Consumer Protection Act against Defendant for the acts and practices alleged to be deceptive and/or unconscionable in paragraph fifteen (15) of this Consent Judgment up through June 4, 1998, excepting only any action which may be required to enforce the provisions of this Consent Judgment.

31. 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 the Defendant nor shall the Defendant 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.

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.

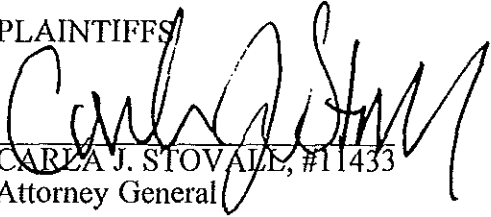
IT IS SO ORDERED.

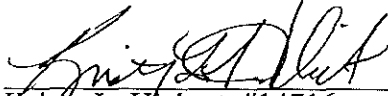
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DISTRICT-COURT JUDGE

Approved by:

PLAINTIFFS

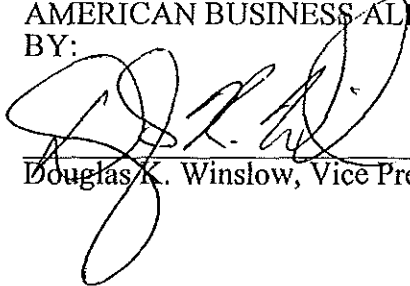

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