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FILED BY CLERK
KS. DISTRICT COURT
3rd JUDICIAL DISTRICT

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TOPEKA KANSAS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 6

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

Plaintiff,)

vs.)

WES-STATE MORTGAGE, INC.)

Defendant.)

Case No. 98-CV-495

Petition Pursuant to K.S.A. Chapter 60

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 17th day of March, 1999, 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. Defendant Wes-State Mortgage, Inc., appears by and through Michael E. Francis, Sloan Listrom, Eisenbarth, Sloan & Glassman, L. L. C., 700 Kansas Avenue #714, Topeka, Kansas 66603.

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 Wes-State Mortgage, Inc. is a foreign corporation organized under the laws of the state of Oregon. The principal office of the corporation is located at 1450 West 7th Avenue in Eugene, Oregon.

4. Defendant is a supplier 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) with consumers listed in Exhibit A attached hereto.

5. The parties hereto desire to resolve this matter without the necessity of further litigation.

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 Defendant has no principal place of business in the state of Kansas. Defendant admits the Court has personal and subject matter jurisdiction over the parties.

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

- a. Defendant, as a credit services organization, has charged consumers for services before completing performance agreed upon without filing a surety bond in the amount of \$25,000.00 with the Kansas Consumer Credit Commissioner, as required by K.S.A. §50-1103(a).
- b. Defendant's solicitation states, "This opportunity has no seasons or boundaries and can be done any place in the US with no special license required." Defendant's solicitation and materials failed to disclose to independent-distributor consumers the necessity of filing such surety bond with the Kansas Consumer Credit Commissioner when charging consumers for services before completing performance, as required by K.S.A. §50-1103(a). This is in violation of K.S.A.

§50-626(b)(2), in that it is the willful use of exaggeration and falsehood as to a material fact.

- c. Defendant's solicitation guaranteed consumers an extension of credit regardless of the person's previous credit problem or credit history without clearly disclosing the eligibility requirements for obtaining an extension of credit, in violation of K.S.A. §50-1103(c)(2).
- d. Defendant advertised the services of a credit services organization without filing a registration statement with the consumer credit commissioner, in violation of K.S.A. §50-1103(f).
- e. Defendant's solicitation states, "This opportunity has no seasons or boundaries and can be done any place in the US with no special license required." Defendant's solicitation and materials failed to inform Kansas independent-distributor consumers of the necessity of filing a registration statement with the Consumer Credit Commissioner, as required by K.S.A. §50-1103(f). This representation is in violation of K.S.A. §50-626(b)(2), in that it is the willful use of exaggeration and falsehood as to a material fact.

8. Defendant does not admit liability but, to avoid litigation, agrees to this consent Judgment without trial or adjudication of any issue of fact or law.

9. Defendant agrees 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.*, including those acts and practices alleged to be deceptive or unconscionable in paragraph seven (7) of this Consent Judgment. Defendant agrees that engaging in such acts or practices after the date of this consent judgment shall constitute a violation of this Order.

10. Defendant agrees to make available and to disclose the provisions of this Consent Judgment to its employees, agents and representatives within five days of signing the Consent Judgment.

11. Defendant agrees to pay the total sum of \$968.00 as restitution to the consumers listed on Exhibit A in their respective amounts, pursuant to K.S.A. §50-632(a)(3). Payment shall be made by certified checks and shall be delivered to the Attorney General of the State of Kansas

12. Defendant agrees to pay \$7,000.00 to the "Office of the Attorney General," pursuant to K.S.A. §50-632. 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.

13. Defendant agrees to resolve any future complaints filed with the Office of the Attorney General regarding Defendant 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 Defendant for resolution.

14. 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.

15. 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 Defendant nor shall 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.

16. 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.

17. This Consent Judgment is a final resolution of all acts or alleged acts of the defendant having occurred through the date of entry of this Consent Judgment.

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 \$7,968.00.

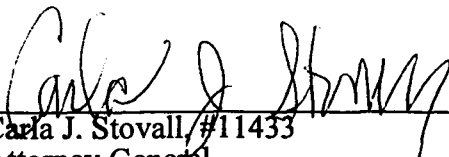
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, and the provisions of K.S.A. §50-632(b), the Court hereby approves the terms of the Consent Judgment and adopts the same as the order of the Court.

IT IS SO ORDERED.

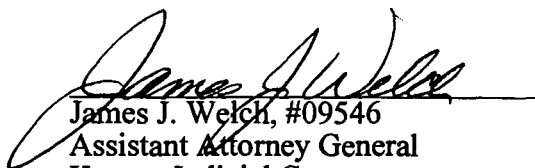
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Hon. Terry Bullock
District Court Judge
Sixth Division

Approved by:



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