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IN THE DISTRICT COURT OF JOHNSON COUNTY, KANSAS
DIVISION 15

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

Plaintiff,

vs.

CHARLES B. RITCHEY, a/k/a BART RITCHEY,
d/b/a FINANCIAL DEVELOPMENT SYSTEMS,

Defendant.

Case No. 99 C 06719

(Pursuant to K.S.A. Chapter 60)

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 25th day of May, 1999, comes before the Court the Journal Entry of Consent Judgment entered into between the parties, pursuant to K.S.A. 50-632(b). Plaintiff, State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through Derek L. Schmidt, Assistant Attorney General. Defendant appears *pro se*.

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 statutory and common law of Kansas, specifically the Kansas Consumer Protection Act, K.S.A. 50-623, *et seq.*

3. Defendant is an individual doing business as a sole proprietorship. Defendant's business is located at 24800 West 187th Terrace, Gardner, Kansas 66030.

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).

5. Defendant admits the Court has personal and subject matter jurisdiction over the parties pursuant to the Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*

6. Defendant admits venue is proper in the Tenth Judicial District (Johnson County) as provided by K.S.A. 50-638.

7. Defendant waives service of process related to this Consent Judgment and appears voluntarily as allowed by K.S.A. 60-303(d).

8. Defendant admits that on or about March 17, 1999, Defendant caused a solicitation for the sale of business opportunity materials to be distributed by electronic mail from his place of business in Johnson County, Kansas, to consumers throughout the United States, including consumers in the State of Kansas.

9. The Attorney General alleges and Defendant admits the following acts and practices by Defendant, which arise from the solicitation described in paragraph eight (8), are violations of the Kansas Consumer Protection Act and are deceptive and/or unconscionable:

a. Defendant failed to disclose to consumers that the business opportunity he was selling was, in truth and in fact, an illegal pyramid promotional scheme and that operating the business opportunity would subject consumers to criminal liability in the State of Kansas and in other jurisdictions, a willful failure to state a material fact, in violation of K.S.A. 50-626(b)(3);

b. Defendant failed to explain to consumers the eventual economic and mathematical failure of such a pyramid promotional scheme due to market saturation. Thus, consumers were unaware that those recruited last in the system

would have little chance of finding additional investors. This constitutes a willful failure to state a material fact, in violation of K.S.A. 50-626(b)(3).

c. Defendant represented that consumers could receive a full refund plus a \$2,000.00 payment "just for participating" in Defendant's business opportunity but failed to disclose that consumers must participate in the business opportunity for at least two years and two months before any such refund or payment could be requested, a willful failure to state a material fact, in violation of K.S.A. 50-626(b)(3);

d. Defendant represented to consumers that using Defendant's business opportunity system was lawful, through statements such as "100% legal in all states," when, in truth and in fact, it is illegal in the State of Kansas and in other jurisdictions, a representation made knowingly or with reason to know that Defendant's business opportunity system had sponsorship, approval, or characteristics it does not have, in violation of K.S.A. 50-626(b)(1)(a);

e. Defendant, knowingly or with reason to know such representation was unsubstantiated, exaggerated earnings potential available to consumers who purchased Defendant's business opportunity by representing that consumers could "become a millionaire in one month" by purchasing and using Defendant's business opportunity, when, in truth and in fact, there was no reasonable basis for that claim, in violation of K.S.A. 50-626(b)(1)(F);

f. Defendant represented to consumers that the number of business opportunities available for sale was limited when, in truth and in fact, there was no limitation on the number available, a representation made knowingly or with reason to know that property or services have quantities that they do not have, in violation of K.S.A. 50-626(b)(1)(a);

g. Defendant represented to consumers that orders for Defendant's business opportunity would be received for only thirty (30) days when, in truth and in fact, such representations were false, a willful use of falsehood as to a material fact, in violation of K.S.A. 50-626(b)(2);

h. Defendant represented to consumers that the first one hundred (100) people to order Defendant's business opportunity materials would receive the business opportunity free, when, in truth and in fact, such representation was false, a willful use of falsehood as to a material fact in violation of K.S.A. 50-626(b)(2);

i. The business activities of Defendant, as set forth in paragraph 9(a) through 9(h), and in particular the sale (and the making of a solicitation for such sale) to consumers of a business opportunity that is unlawful to operate, constitute unconscionable acts or practices, in violation of K.S.A. 50-627(b).

10. Defendant voluntarily admits liability and agrees to this Consent Judgment without trial or adjudication of any issue of fact or law.

11. Defendant agrees to refrain from and to be permanently enjoined from engaging in those acts and practices described in paragraph nine (9) in violation of the Kansas Consumer Protection Act. Defendant agrees that engaging in such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Order.

12. Defendant agrees to refrain from and to be permanently enjoined from establishing, operating, advertising, promoting, or otherwise participating in any pyramid promotional scheme, as defined in K.S.A. 21-3762. Defendant agrees that failing to so refrain, after the date of this Consent Judgment, shall constitute a violation of this Order.

13. Defendant agrees to refrain from and 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. Defendant agrees that failure to so refrain, after the date of this Consent Judgment, shall constitute a violation of this Order.

14. Defendant agrees to refrain from and to be permanently enjoined from accepting payment from any person or entity after the date of this consent judgment if such payment is for the purpose of participating in, or otherwise contributing to the operation of, a pyramid promotional scheme or is otherwise made as a result of the solicitation described in paragraph eight (8) or any similar solicitation. Defendant agrees to return, within seven (7) days of receipt by Defendant, any such payment received to the person or entity who sent it. Defendant agrees that failure to so return any such payment, after the date of this Consent Judgment, shall constitute a violation of this Order.

15. Defendant agrees to pay restitution to any person or entity who files a complaint with the Attorney General at any time before or within one (1) year after the date of this Consent Judgment if such complaint resulted from the payment of money by complainant to Defendant pursuant to any transaction that is related to Defendant's participation in a pyramid promotional scheme. Defendant will pay such restitution within ten (10) days of being notified by the Attorney General that such payment is due pursuant to this Consent Judgment. Defendant agrees that failure to pay such restitution, after the date of this Consent Judgment, shall constitute a violation of this Order.

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

17. Defendant agrees to pay \$100.00 in investigation fees and expenses and \$100.00 in civil penalties to the "Office of the Attorney General" of the State of Kansas at the time of signing this Consent Judgment. Payment will be by certified check.

18. In addition to paragraph 16, Defendant agrees to pay \$367.45 to the "Office of the Attorney General" of the State of Kansas for restitution to the following persons who were

solicited by Defendant and participated in the pyramid promotional scheme as a result of such solicitation. Payment will be by certified check:

[REDACTED]	\$29.95
[REDACTED]	\$33.95
[REDACTED]	\$29.95
[REDACTED]	\$29.95
[REDACTED]	\$33.95
[REDACTED]	\$29.95
[REDACTED]	\$29.95
[REDACTED]	\$29.95
[REDACTED]	\$29.95
[REDACTED]	\$29.95
[REDACTED]	\$29.95
[REDACTED]	\$30.00

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.

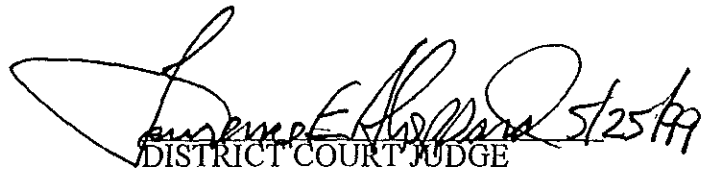
21. Compliance with this Consent Judgment does not relieve Defendant of any obligation imposed by applicable federal, state or local law, nor shall the Attorney General be precluded from taking appropriate legal action to enforce civil or criminal statutes under her jurisdiction.

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 of Plaintiff in the amount of \$567.45.


IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, including 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


Derek L. Schmidt, #17781
Assistant Attorney General
Kansas Judicial Center
Topeka, Kansas 66612-1597
(785) 296-3751

Attorneys for plaintiff


CHARLES B. RITCHEY

Defendant