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FILED  
AS OF  
1999  
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TOPEKA, KANSAS

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS  
Division 11

STATE OF KANSAS, *ex rel.* )  
CARLA J. STOVALL, Attorney General, )  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
EDWARD F. JACOBS, )  
d/b/a COLLEGE FUNDING GROUP; )  
ALAN E. BARON, and )  
THE COLLEGE ADVANTAGE, INC., )  
d/b/a COLLEGE FUNDING CENTER, )  
 )  
Defendants. )

Case No. 99 C 846

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this ~~6<sup>th</sup>~~ day of August, 1999, the plaintiff's petition for approval of consent judgment comes before the court for consideration. The State of Kansas, *ex rel.* Carla J. Stovall, Attorney General, appears by and through James J. Welch, Assistant Attorney General. Defendants Edward F. Jacobs, d/b/a College Funding Group and Alan E. Baron, and The College Advantage, Inc., d/b/a College Funding Center, appear not, having first entered into this Consent Judgment.

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 Edward F. Jacobs is an individual, a resident of Colorado, and the owner/operator of College Funding Group. Defendant may be served with process at 2905 Underwood Pt #6, Buena Vista, Colorado 81211.
4. Defendant Alan E. Baron is an individual, a resident of Texas, and the officer and registered agent of The College Advantage, Inc., d/b/a College Funding Center. Defendant Alan E. Baron may be served with process to his last known address, 2828 West Parker Road, Plano, Texas 75075.
5. Defendant The College Advantage, Inc., d/b/a College Funding Center, is a corporation organized under the laws of the state of Texas. Defendant The College Advantage, Inc., d/b/a College Funding Center, may be served with process by serving its registered agent, Alan E. Baron, 2828 West Parker Road, Plano, Texas 75075.
6. Defendants are suppliers, as defined by K.S.A. §50-624(i) and have engaged in consumer transactions within the definition of K.S.A. §50-624(c) and (h), both with consumers, as defined by §50-624(b), and with buyers, as defined by K.S.A. §50-1101(a).
7. 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 delivered or caused to be delivered to college-bound high school students solicitations. A true and correct copy of such solicitation is attached hereto and marked as Exhibit A. These solicitations represented that each such student "has been selected as one of the (student's city) students who will qualify for" Defendants' "GRADUATE FINANCIAL AID PROGRAM." Each such solicitation was personalized with the recipient student's name and location, and, thereby, was represented as unique to each student. These representations imply that each such student has been especially selected, but fails to disclose that such services are available and marketed to any and every other student. This is in violation of K.S.A. §50-626(b)(2), in that it is the willful use of exaggeration, falsehood, innuendo, and

ambiguity as to a material fact.

- b. Defendants' solicitation represents to students the availability of Defendants' "GRADUATE FINANCIAL AID PROGRAM that will GUARANTEE 100% of the cost of your students college education, including TUITION & FEES, ROOM & BOARD, BOOKS & SUPPLIES, TRANSPORTATION ALLOWANCE AND MISCELLANEOUS PERSONAL EXPENSES." The solicitation, further, represents that Defendants have "helped FAMILIES OF ALL INCOME LEVELS reduce or even eliminate their out of pocket costs of education." Defendants' solicitation fails to disclose to consumers that nearly 100% of Defendants' customers receive such "funding" by way of student loans. This is in violation of K.S.A. §50-626(b)(3), in that it is the willful failure to state a material fact and the willful concealment, suppression and omission of a material fact.
- c. As set out in paragraphs five (5) (a) and (b), above, Defendants have engaged, directly and indirectly in fraudulent and deceptive acts, practices and course of business in connection with the offer and sale of the services of a credit services organization, in violation of K.S.A. §50-1103(d)
- d. Defendants operate as credit services organizations, as defined by K.S.A. §50-1102 due to the fact that a substantial part of defendants' services involve obtaining an extension of credit for consumers, and providing advice/assistance to buyers with regard to such extensions of credit. Defendants 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, in violation of K.S.A. §50-1104.
- e. Defendants advertised and caused to be 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).
- f. Defendants executed contracts and agreements with buyers and received money from buyers but did not provide buyers with written statements containing information required by K.S.A. §50-1106(a).

- g. Defendants did not provide buyers with notices of cancellation required of contracts executed for the buyers' purchases of services of a credit services organization, in violation of K.S.A. §50-1107.
  - h. Defendants operate as telemarketers, as defined by K.S.A. 50-671(b); however, Defendants did not obtain signed confirmations of sales from consumers which contained information required by K.S.A. §50-672(b) prior to accepting payment from such consumers.
8. Defendants voluntarily agree to this Consent Judgment without trial or adjudication of any issue of fact or law.
  9. Defendants, by entering into this Consent Judgment, shall not be deemed to admit the violations of the Kansas Consumer Protection Act alleged herein.
  10. 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 seven (7) 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.
  11. 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.
  12. The provisions of this Consent Judgment will be applicable to Defendants, and every employee, agent or representative of Defendants.
  13. Defendants agree to make available and to disclose the provisions of this Consent Judgment to their employees, agents and representatives within five days of signing the Consent Judgment.
  14. Defendants agree to resolve any future complaints filed with the Office of the Kansas 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.

15. 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.
16. Defendants agree to pay \$2,500.00 in investigation fees and expenses to the "Office of the Attorney General" of the State of Kansas. In addition, Defendants agree to pay \$2,500.00 in civil penalties to the "State of Kansas". Payment shall be made by cashiers checks and shall be delivered to the Attorney General of the State of Kansas on or before September 1, 1999.
17. Defendants agree to refund the full and complete purchase price to and/or any and all monies paid by the five (5) consumers listed in Exhibit B, attached hereto, prior to September 1, 1999.
18. Defendants agree that failure to make timely payments, as set out above will result in the entire outstanding balance becoming due within five (5) days of the payment missed. Defendants agree that, in the event of the missed payment, failure to remit the entire outstanding balance within five (5) days shall constitute a violation of this order.
19. Parties agree that neither payment of investigation fees and expenses and civil penalties, as set out in paragraph sixteen (16), nor payment of restitution, as set out in paragraph seventeen (17) of this Consent Judgment shall not be subject to interest as long as all such amounts are timely paid. Defendants agree that failure to make timely payments of investigative fees and expenses, civil penalties, and consumer restitution, as set out in paragraphs sixteen (16) and seventeen (17) of this Consent Judgment, will result in the amount of the entire unpaid balance becoming due within five (5) days of the due date missed and subject to interest, as provided in K.S.A. §16-204.
20. 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.
21. Defendants agree to maintain all business records concerning transactions with Kansas consumers for a period of five years and to allow the Attorney General to inspect all of Defendants' business records in the future.

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 agree that this Consent Judgment resolves all issues known to parties under the Kansas Consumer Protection Act relating to the acts and practices alleged to be deceptive or unconscionable in paragraph seven (7), including sub-paragraphs, of this Consent Judgment up through the date of the execution of this Consent Judgment. 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 seven (7) of this Consent Judgment up through the date of the execution of this Consent Judgment, excepting only any action which may be required to enforce the provisions of this Consent Judgment.
26. 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 Defendants immediately become a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendants in favor Plaintiff in the amount of \$ 5,000.00, plus restitution due consumers listed in Exhibit B (totaling \$3,288.68), attached hereto.

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.

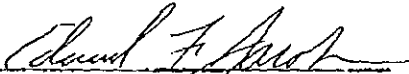
/s/ Hon Terry J. Bullock  
DISTRICT COURT JUDGE

Approved by:

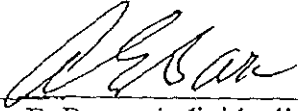
Carla J. Stovall & John Campbell  
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Alan E. Baron, individually and for  
The College Advantage, Inc.,  
d/b/a College Funding Center,  
2828 West Parker Road, P.O. Box 260080  
Plano, Texas 75026  
Defendant

  
Edward F. Jacobs,  
d/b/a College Funding Group  
P.O. Box 1480, 2905 Underwood Pt #6  
Buena Vista, Colorado 81211  
Defendant





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