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DISTRICT COURT
RILEY CO. KS.

IN THE DISTRICT COURT OF RILEY COUNTY, KANSAS

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

Plaintiff,

vs.

Case No. 00-C-19

TCS, INC., d/b/a The Computer Shop, and
BRADEN W. SLADE, individually, and
d/b/a The Computer Shop,

Defendants.

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

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 2nd day of June, 2000, comes before the Court Plaintiff's Petition for Approval of 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 Terry D. Hamblin, Assistant Attorney General. Defendants, Braden W. Slade and TCS, Inc., appear by and through counsel Joseph A. Knopp.

WHEREUPON, the parties advise the Court that they have stipulated and agreed to the following matters:

THE PARTIES

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 TCS, Inc., is a corporation organized under the laws of the State of Kansas.

4. Defendant Braden W. Slade is an individual who is president of Defendant TCS, Inc. At all times relevant hereto, Defendant Slade has been responsible for formulating the policies and practices of Defendant TCS, Inc., and for implementing those policies.

5. At all times relevant hereto, Defendants have done business using the name The Computer Shop from a principal place of business at 404 Humboldt, Manhattan, Kansas 66502 and from a branch office in Salina, Kansas.

6. Defendants are suppliers within the definition of K.S.A. 50-624(i) and, at all times relevant hereto, have engaged in consumer transactions in Kansas within the definition of K.S.A. 50-624(c).

JURISDICTION AND VENUE

7. The Court has subject matter jurisdiction over this case under statutory and common law of the State of Kansas, specifically the Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*

8. The Court has personal jurisdiction over the parties under the statutory and common law of the State of Kansas, specifically the Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*, and by consent of the parties.

9. The parties agree that venue is proper in the Twenty-First Judicial District of Kansas (Riley County).

10. Defendants waive service of process related to this Consent Judgment and appear voluntarily as allowed by K.S.A. 60-303(d).

STATEMENT OF AGREED FACTS

11. Defendants are and/or were in the business of selling and providing Internet services to consumers.

12. Defendants are and/or were in the business of selling and providing computer hardware and related goods to consumers.

13. The Office of the Attorney General, Consumer Protection Division, has received thirty-three (33) consumer complaints against Defendants in connection with the operation of The Computer Shop by Defendants.

ALLEGATIONS

14. The Attorney General has conducted an investigation of the business practices of Defendants in the State of Kansas pursuant to the authority and requirements of the Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*

15. Based upon information gathered in the course of the investigation described in paragraph fourteen (14), the Attorney General alleges that Defendants have committed and/or are committing the following violations of the Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*:

- a. Defendants accepted payment for merchandise but failed to deliver the merchandise and, as a result, consumers were unable to receive a material benefit from the subject of the transaction, an unconscionable act in violation of K.S.A. 50-627(b)(3).
- b. Defendants accepted payment for Internet services but failed to provide the services and, as a result, consumers were unable to receive a material benefit from the subject of the transaction, an unconscionable act in violation of K.S.A. 50-627(b)(3).
- c. Defendants failed to state a material fact by accepting pre-payment from consumers for Internet services but failing to disclose to consumers that the weak financial condition of Defendants made it unlikely that Defendants would remain able to provide services for the full term for which services were pre-paid, a deceptive act in violation of K.S.A. 50-626(b)(3).

16. For the purpose of settlement only, the parties have agreed to entry of this Journal Entry of Consent Judgment without trial or adjudication of any issue of fact or law.

INJUNCTIVE RELIEF

17. Defendants agree to refrain from and to be permanently enjoined from engaging in those acts and practices described in paragraph fifteen (15). Defendants agree that engaging in such acts or similar acts, after the date of this Consent Judgment, shall constitute a violation of this Order.

18. Defendants agree 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, or entering into any contract or agreement, for the purpose of, or with the result of, avoiding compliance with the terms of this Consent Judgment. Defendants agree that failure to so refrain, after the date of this Consent Judgment, shall constitute a violation of this Order.

19. Defendants agree to refrain from and to be permanently enjoined from representing, in any manner whatsoever and to any person or entity whatsoever, that this Consent Judgment constitutes approval by, endorsement by or authority from the State of Kansas and/or the Attorney General of the State of Kansas for any business practices of Defendants. Defendants agree that the making of any such representation, after the date of this Consent Judgment, shall constitute a violation of this Order.

CONSUMER RESTITUTION

20. Defendants agree to pay \$9,508.55 to the "Office of the Attorney General" of the State of Kansas as restitution for the consumers named in paragraph twenty-one (21), who have filed complaints against Defendants with the Office of the Attorney General, Consumer Protection Division. Defendants agree that failure to pay such restitution, after the date of this Consent Judgment, shall constitute a violation of this Order.

21. The consumers receiving restitution as provided by paragraph twenty (20) and the amounts of such restitution are as follows:

<u>Consumer</u>	<u>Refund Amount (in dollars)</u>
	2,422.00
	1,500.00

[REDACTED]	1,089.65
[REDACTED]	1,075.00
[REDACTED]	985.00
[REDACTED]	439.25
[REDACTED]	137.50
[REDACTED]	99.00
[REDACTED]	95.15
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
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[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	75.00
[REDACTED]	73.50
[REDACTED]	62.50
[REDACTED]	62.50
[REDACTED]	62.50
[REDACTED]	60.00
[REDACTED]	50.00
[REDACTED]	50.00
[REDACTED]	45.00

Further, Defendants agree to return any computer equipment owned by any consumer to such consumer within ten (10) days after the date of entry of this judgment

22. In addition to the payment required by paragraph twenty (20), Defendants agree to refund any and all money paid to Defendants by any consumer who purchased goods or services from Defendants and who files a written complaint against Defendants with the Consumer Protection Division of the Office of the Attorney General, State of Kansas, not later than one hundred eighty (180) days after the date of entry of this judgment, if Defendants are requested in writing to do so by the Office of the Attorney General. The determination of whether a consumer who has filed a complaint against Defendants is entitled to any refund by Defendants pursuant to this Consent Judgment shall be made solely by the Office of the Attorney General. Any such determination shall be made upon good faith belief that such consumer was damaged by the

conduct of Defendants as alleged herein. Defendants agree that failure to promptly make such refunds, upon request of the Attorney General, shall constitute a violation of this Order.

INVESTIGATIVE FEES

23. Defendants agree to pay \$500.00 in investigation fees and expenses to the "Office of the Attorney General" of the State of Kansas. Defendants agree that failure to make such payment shall constitute a violation of this Order.

24. Defendants shall pay the amounts required by paragraphs twenty (20) through twenty-three (23) as follows: Defendant shall pay \$200.00 at the time of signing of this Consent Judgment and shall pay an additional \$200.00 not later than the first day of each consecutive month, commencing May 1, 2000, and terminating when Defendants have fully satisfied their monetary obligations pursuant to this Journal Entry of Consent Judgment. Each payment shall be payable to the "Office of the Attorney General." Defendant may, at Defendant's discretion, pay additional sums and/or accelerate payment for the purpose of satisfying this debt at an earlier date. Payments will be by cashier's check or money order. Defendants agree that failure to make such payments shall constitute a violation of this Order.

OTHER PROVISIONS

25. Defendants agree to be bound by this Journal Entry of Consent Judgment at all times after the date of entry without regard to whether Defendants act individually and/or through their principals, officers, directors, shareholders, representatives, agents, servants, employees, subsidiaries, successors, assigns, or whether acting through any corporation or other entity whose acts, practices or policies are directed, formulated, or controlled by Defendants.

26. 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.

27. 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 portions, provisions, or parts.

28. 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.

29. The parties agree and stipulate that pursuant to Section 523 of the United States Bankruptcy Code, the judgement herein is not dischargeable because of the inherent nature of the obligation, intentional wrongdoing, with regard to the culpability of the Defendants

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.

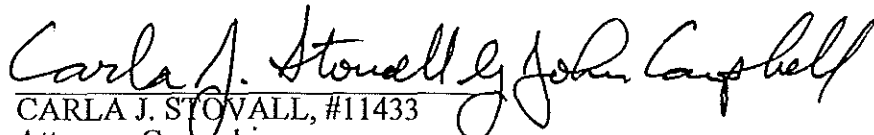
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendants, jointly and severally, in favor of Plaintiff in the amount of \$10,508.55, plus such amounts as shall be determined by the Office of the Attorney General pursuant to the provisions of paragraph 22 of this Journal Entry of Consent Judgment.

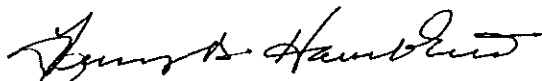
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to the Kansas Consumer Protection Act, including the provisions of K.S.A. 50-632(b), the Court hereby approves the terms of the Consent Judgment and adopts the same as the Order of the Court.

IT IS SO ORDERED.


DISTRICT COURT JUDGE

Approved by:



CARLA J. STOVALL, #11433
Attorney General


Terry D. Hamblin, #10880
Assistant Attorney General
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Attorneys for Plaintiff


BRADEN W. SLADE

Defendant


TCS, INC.
By: Braden W. Slade, president

Defendant


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Attorney for Defendants