

FILED
KS DISTRICT COURT
CLERK
DISTRICT
DEC 15 4 30 PM '92

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 5

STATE OF KANSAS, *EX REL.* §
ROBERT T. STEPHAN, §
Attorney General, §
§
Plaintiff, §
§
v. §
§
ALLIED MARKETING GROUP, INC. §
d/b/a SWEEPSTAKES §
CLEARINGHOUSE; §
AUDIO TELECOM, INC., §
§
Defendants. §

CASE NO. 92 CV 420

JOURNAL ENTRY REGARDING ALLIED MARKETING GROUP, INC.
D/B/A SWEEPSTAKES CLEARINGHOUSE

NOW on this 11th day of December, 1992, the Motion for Approval of Journal Entry and Stipulation of Dismissal Regarding Allied Marketing Group, Inc. D/B/A Sweepstakes Clearinghouse comes on for hearing. The State of Kansas *ex rel.* Robert T. Stephan, Attorney General, appears by and through David C. Wetzler, Assistant Attorney General. The Defendant, Allied Marketing Group, Inc., appears by its attorney, Arthur E. Palmer, Goodell, Stratton, Edmonds & Palmer, 515 South Kansas Avenue, Topeka, Kansas 66603.

Whereupon, in lieu of continuing this action and for the purpose of settling this dispute, the parties advise the Court they have stipulated and agreed to the following matters pursuant to K.S.A. 1991 Supp. 50-632(b):

1. JURISDICTION

1.1 Allied Marketing enters its voluntary appearance and admits the Court has jurisdiction over it for the purpose of enforcement and/or modification of this Journal Entry.

2. DENIAL OF WRONGDOING

2.1 The parties agree that no provision of this Journal Entry or accompanying Settlement Agreement constitutes any admission of liability or fault by the Defendant, Allied Marketing Group, Inc., or any other Defendant. In fact, Allied Marketing Group, Inc. denies any wrongdoing of any nature and believes that it has complied with the Kansas Consumer Protection Act in all respects. In order to avoid continued litigation, and solely for the purpose of settling this dispute, while denying all allegations of the Complaint, Allied Marketing agrees to be bound by the provisions of this Journal Entry and accompanying Settlement Agreement (hereinafter "Journal Entry").

2.2 Allied Marketing agrees that the terms of this Journal Entry shall apply to it, whether acting through any corporation, subsidiary, division, or other device, and its officers, directors, employees, agents, successors, assigns or representatives.

3. VOLUNTARY STIPULATION OF DISMISSAL

3.1 Based upon the parties entering this Journal Entry and the accompanying Settlement Agreement and the entry of the Journal Entry as to Defendant Audio Telecom, Inc., pursuant to K.S.A. 60-241(a), the State of Kansas agrees to a voluntary Stipulation of Dismissal of this action as to Defendant Allied Marketing with prejudice. The Court approves and it is therefore **ORDERED** that, pursuant to the terms set forth herein, this action is dismissed with prejudice as to Defendant, Allied Marketing.

4. SETTLEMENT AGREEMENT

4.1 The Court has reviewed the Settlement Agreement attached hereto as Exhibit "A" (the "Settlement Agreement"). The Court is of the opinion that the said Settlement Agreement should be approved and it is hereby approved. The parties agree to be bound by the terms of the Settlement Agreement as if it were an order of this Court. It is therefore

ORDERED, ADJUDGED, and DECREED that Defendant shall comply with the terms of the attached Settlement Agreement.

5. CONSUMER REFUNDS AND PAYMENT TO STATE

5.1 Allied Marketing is aware that Audio Telecom, Inc. has offered and paid refunds to consumers in the State of Kansas who have been billed by Audio Telecom, Inc. in connection with the promotion which is the subject of the lawsuit. Allied Marketing is also aware that Audio Telecom, Inc. has agreed to continue providing refunds to any consumer who has been billed by Audio Telecom, Inc. in connection with the promotion, who has paid for those services, and who requests a refund from the company in writing. Allied Marketing acknowledges that Audio Telecom, Inc. has entered into an agreement as evidenced by the Journal Entry regarding Audio Telecom, Inc. in this cause with respect to such refunds. Allied Marketing hereby guarantees the payment of refunds by Audio Telecom, Inc. in accordance with the terms of the Journal Entry regarding Audio Telecom, Inc. and promises to pay any such refunds that are not paid by Audio Telecom, Inc. (if any), under the same terms set forth in the Journal Entry regarding Audio Telecom, Inc.

5.2 Allied Marketing acknowledges that, in addition to the foregoing, Audio Telecom, Inc. has agreed to reimburse the Attorney General of the State of Kansas, for reasonable expenses and investigative costs, in the total amount of Twelve thousand dollars (\$12,000.00). Allied

Marketing guarantees Audio Telecom, Inc.'s payment to the Attorney General under the terms of the Journal Entry regarding Audio Telecom, Inc. In the event Audio Telecom, Inc. fails, for any reason, to make a payment due to the State under the terms of the Journal Entry regarding Audio Telecom, Inc., Allied Marketing will make said payment(s) to the State.

5.3 In the event that Allied Marketing defaults under the terms of this Journal Entry by failing to meet any payment pursuant to paragraph 5.2, the total amount remaining shall be immediately due and payable. At the time of default, all remaining amounts are immediately due and owing, and shall be immediately subject to interest the rate prescribed by K.S.A. 16-204 and amendments thereto. Additionally, Allied Marketing agrees to pay reasonable attorneys' fees and court costs associated with any collection efforts required to collect the remaining amounts owed the State at the point of default.

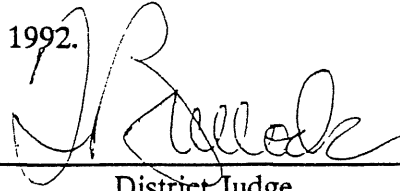
6. PENALTY FOR FAILURE TO COMPLY

6.1 Allied marketing understands that upon entry of this Journal Entry and accompanying Settlement Agreement, any subsequent willful violation of the terms of this Journal Entry and accompanying Settlement Agreement by Allied Marketing is punishable by civil penalties of not more than Ten thousand dollars (\$10,000.00) for each violation, in addition to other penalties that may be imposed by the Court under K.S.A. 1991 Supp. 50-636(b).

6.2 It is agreed that, in the event that the Attorney General believes that Allied Marketing Group, Inc. has violated this Journal Entry in any way, he will first contact Allied Marketing Group, Inc. and advise the company of the manner in which he believes the violation has occurred, and gives the company 30 days to cure any violation. However, the Attorney General is not prevented from seeking injunctive relief during the cure period, should such relief be deemed necessary.

IT IS SO ORDERED.

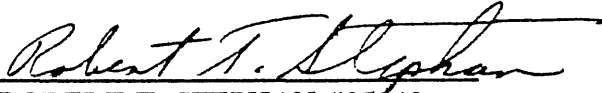
ENTERED this 11th day of November, 1992.



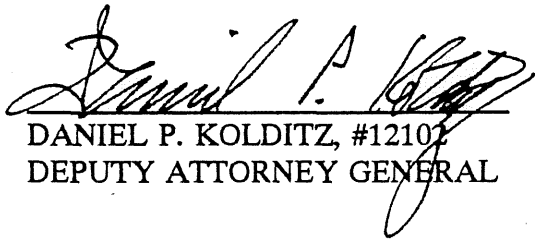
District Judge

APPROVED FOR ENTRY:

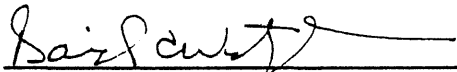
STATE OF KANSAS



ROBERT T. STEPHAN #05340
ATTORNEY GENERAL

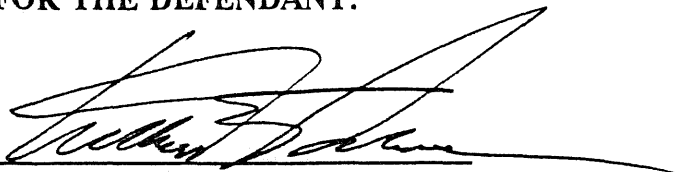


DANIEL P. KOLDITZ, #12101
DEPUTY ATTORNEY GENERAL




DAVID C. WETZLER #14954
ASSISTANT ATTORNEY GENERAL

FOR THE DEFENDANT:



ARTHUR E. PALMER #05949
ATTORNEY FOR DEFENDANTS
GOODELL, STRATTON, EDMONDS & PALMER
515 South Kansas Avenue
Topeka, Kansas 66603-3999
(913) 233-0593

WILLIAM PARRISH, Texas Bar No. 15540325
ATTORNEY FOR DEFENDANT
ALLIED MARKETING GROUP, INC.
Jenkins & Gilchrist
2200 One American Center
600 Congress Avenue
Austin, Texas 78701
(512) 499-3800



STEVAN A. HAMMOND
PRESIDENT
ALLIED MARKETING GROUP, INC.