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FILED  
APP DOCKET NO.

2014 AUG 13 P 1:39

CLERK OF DIST COURT  
18TH JUDICIAL DISTRICT  
SEDGWICK COUNTY, KS

**IN THE DISTRICT COURT OF SEDGWICK COUNTY, KANSAS**  
Division \_\_\_\_\_

STATE OF KANSAS, *ex rel.*, )  
DEREK SCHMIDT, Attorney General, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
CARITUS, LLC, )  
 )  
Defendant. )

Case No. ~~13~~ 14 CV 2218

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

**JOURNAL ENTRY OF CONSENT JUDGMENT**

NOW on this 13 day of August, 2014, Plaintiff's Journal Entry of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). The Plaintiff, State of Kansas, *ex rel.* Derek Schmidt, Attorney General, appears by and through Lynette R. Bakker, Assistant Attorney General. Defendant appears by and through N. Russell Hazlewood, Attorney for Defendant.

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

**PARTIES, JURISDICTION, AND VENUE**

1. Derek Schmidt is the duly elected and acting 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 Caritus, LLC is a limited liability corporation organized under the laws of Nevada.

4. Defendant has a principal place of business at 906 N. Main, Suite 1, Wichita, Kansas 67203.

5. Defendant is a "supplier" within the definition of K.S.A. 50-624(l).

6. Defendant is engaged in "consumer transactions" in Kansas, as defined by K.S.A. 50-624(c).

7. Jurisdiction is appropriate in the District Court of Sedgwick County, Kansas, pursuant to K.S.A. 50-638(a).

8. Venue is appropriate in the District Court of Sedgwick County, Kansas, pursuant to K.S.A. 50-638(b).

#### **ALLEGATIONS**

9. Defendant engaged in the advertising, soliciting, and sale of financial planning tools and enhanced charitable trust products within the State of Kansas to individuals aged 60 to 85 and to not-for-profit entities.

10. Defendant solicited Kansas consumers and not-for-profit entities through its website (<http://www.caritus.com>), directed solicitation mailings, and in-person presentations within the State of Kansas.

11. Defendant has engaged in solicitation of Kansas consumers and charities, but has not yet sold an enhanced charitable trust or other financial planning product to a consumer or charity

within the State of Kansas.

12. Defendant is alleged to have committed deceptive and/or unconscionable acts or practices in connection with the solicitation of Defendant's financial planning tools and enhanced charitable trust products, in violation of K.S.A. 50-626 and K.S.A. 50-627, respectively.

13. Defendant placed or allowed to be placed on the Caritas website eight (8) testimonials of individuals and charitable organizations with fictitious recommendations of the company and the benefits of its services that include direct "quotes" from the fictitious individual or entity.

14. Defendant is alleged to have targeted "elder or disabled persons," as such terms are defined by K.S.A. 50-678, with its deceptive or unconscionable representations.

15. Defendant is not registered with the Secretary of State to do business in the State of Kansas, pursuant to K.S.A. 17-7301.

16. Defendant denies the Plaintiff's allegations. The parties enter into this Consent Judgment to expedite an end to Plaintiff's investigation of Defendant's business activities in Kansas.

17. The parties agree to this Consent Judgment without trial or adjudication of any issue of fact or law solely for the purpose of settlement. This Consent Judgment does not constitute evidence of any violations of law.

#### **INJUNCTIVE RELIEF**

18. Defendant agrees to comply with the Kansas Consumer Protection Act in all transactions involving Kansas consumers.

19. Defendant agrees to only include testimonial content on its website or in its advertising materials when such testimonial content is obtained from actual individuals or entities for financial planning or other services done on their behalf.

20. Defendant agrees that it will file application to do business in the State of Kansas, pursuant to K.S.A. 17-7301, prior to resuming business operations.

21. Defendant agrees 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.

22. Defendant agrees to pay to the Plaintiff a civil penalty of three thousand dollars (\$3,000.00), pursuant to K.S.A. 50-636. The civil penalty payment is due upon the filing of this Consent Judgment.

23. Defendant agrees to pay to the Plaintiff an investigative fee of fifteen hundred dollars (\$1,500.00), pursuant to K.S.A. 50-632(a)(4). The investigative fee payment is due upon filing of this Consent Judgment.

#### **OTHER PROVISIONS**

24. The provisions of this Consent Judgment will be applicable to Defendant.

25. 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.

26. 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.

27. Compliance with this Consent Judgment does not relieve Defendant of any obligation imposed by applicable federal, state, or local law, nor shall this Consent Judgment preclude the

Plaintiff from taking appropriate legal action to enforce any other statutes under his jurisdiction or from any other Federal or State agency to enforce any other federal, state, or local law under its jurisdiction.

28. The parties understand that this Consent Judgment shall not be construed as an approval of or sanction by the Attorney General of the Defendant's business practices, nor shall the Defendant represent the Consent Judgment as such approval. The parties further understand and agree 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 this Consent Judgment shall not be construed to be an approval of or sanction of any representations, acts, or practices of the Defendant nor shall any inaction by the Attorney General be considered a waiver by the Attorney General of any rights under this Consent Judgment or the law.

29. Defendant agrees to make available and/or disclose the provisions of this Consent Judgment to each officer, director, and employee of management level that is involved in any Kansas operations within ten (10) days of signing this Consent Judgment.

30. Defendant agrees to make available and/or disclose the provisions of this Consent Judgment to each officer, director, and employee of management level at any affiliated company or operating company that is involved in any Kansas operations within ten (10) days of signing this Consent Judgment.

31. Defendant hereby represents and warrants that Defendant has had the opportunity to consult with and receive the advice of legal counsel regarding all matters relative to this Consent Judgment, including the rights and obligations of Defendant under this Consent Judgment and the consequences of breach hereunder. Defendant represents that Defendant has read the Consent Judgment and knows and understands the contents thereof. Defendant further

represents and warrants that Defendant is signing this Consent Judgment as the result of its own free act, and that Defendant has not relied on any statement(s) or representation(s) of the Attorney General or anyone acting on his behalf, except for those contained in this Consent Judgment.

32. By signing this Consent Judgment, the representative of the Defendant represents and warrants that such person is duly and legally authorized to execute this Consent Judgment on behalf the Defendant, thus binding the Defendant to the provisions of this Consent Judgment.

33. Defendant has denied the allegations made by the Plaintiff and the entry of this Consent Judgment shall not be deemed to be an admission by the Defendant of the violations alleged.

**IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED** that the stipulation and agreement of the parties contained herein are adopted and approved pursuant to the Kansas Consumer Protection Act, the provisions of K.S.A. 50-632(b) and the provisions of K.S.A. 17-1768(b) as the findings of fact and conclusions of law of the Court and that judgment is entered against Defendant and in favor of Plaintiff for civil penalties in the amount of \$3,000.00 and investigative fees in the amount of \$1,500.00; and the terms of the Consent Judgment are approved and adopted as the Order of the Court.

**IT IS SO ORDERED.**

**MARK A. VINING**

\_\_\_\_\_  
District Court Judge



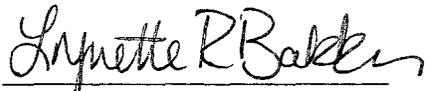
STATE OF KANSAS  
SEDGWICK COUNTY  
I hereby certify that the foregoing is a true  
and correct copy of the original instrument  
on file in this court. Dated: 8-13-14  
Clerk of the District Court  
By Jess [Signature]

Prepared and approved by:

Attorney for Plaintiff

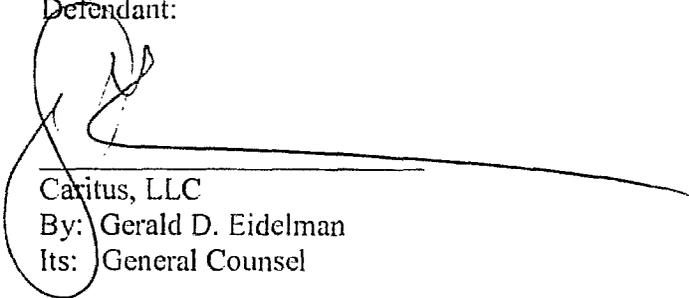


Derek Schmidt, # 17781  
Attorney General



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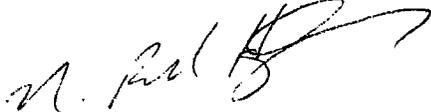
Defendant:



Caritus, LLC

By: Gerald D. Eidelman  
Its: General Counsel

Attorney for Defendant



N. Russell Hazlewood, # 18664