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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
Division 1

STATE OF KANSAS, *ex rel.*,)
DEREK SCHMIDT, Attorney General,)
)
Plaintiff,)
)
v.)
)
CYPRESS LAW GROUP INC.)
d/b/a)
THE CYPRESS LAW GROUP, P.L.)
)
Defendant.)
)

Case No. ----2014-CV-000658

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

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 7 day of October, 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 Meghan E. Stoppel, Assistant Attorney General. Defendant Cypress Law Group Inc. d/b/a The Cypress Law Group, P.L. appears by and through the undersigned counsel.

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, qualified and acting Attorney General for 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.* ("KCPA").

3. Defendant Cypress Law Group Inc. d/b/a The Cypress Law Group, P.L. ("Defendant CLG") is a foreign corporation organized and existing under the laws of Florida.

4. Defendant CLG had a principal place of business at 6750 N. Andrews Avenue, Suite 2065, Fort Lauderdale, Florida 33309.

5. All references to Defendant CLG herein include acts performed individually, in concert, or by or through its employees, directors, officers, owners, members, managers, parents, agents, assigns, and all other persons or entities acting in concert with them or on their behalf, including their predecessors, subsidiaries, affiliates, and successors.

6. Defendant CLG stipulates and admits that the Court has subject matter jurisdiction over this case and *in personam* jurisdiction over the parties.

7. Defendants CLG stipulates and admits that venue is proper in this Court.

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

9. Defendant CLG "engaged" in consumer transactions in Kansas within the definition of K.S.A. 50-624(c).

ALLEGATIONS

10. Defendant CLG acted as a "credit services organization" in Kansas, as that term is defined by K.S.A. 50-1117(c).

11. Defendant CLG engaged in the advertising, solicitation and sale of “debt management services” in Kansas, as that term is defined by K.S.A. 50-1117(d).

12. Specifically, Defendant CLG offered to negotiate, and actually negotiated, to defer or reduce Kansas consumers’ obligations with respect to credit extended by others—including Kansas consumers’ mortgage loan obligations.

13. Plaintiff alleges that Defendant CLG, while engaging in the advertising, solicitation and sale of debt management services, committed acts and practices in violation of the KCPA, including but not limited to:

- a. Advertising its debt management services on www.cypresslaw.org, and soliciting Kansas consumers both online and by telephone, prior to registering as a credit services organization with the Kansas State Bank Commissioner, in violation of K.S.A. 50-1121(f) of the Kansas Credit Services Organization Act, K.S.A. 50-1116 *et seq.* (“KCSO Act”) and K.S.A. 50-626;
- b. Charging, or attempting to charge, a price which grossly exceeded the price at which similar services were readily obtainable in similar transactions by similar consumers, in violation of K.S.A. 50-627(b)(2); and
- c. Engaging in the business of debt management services for a fee, compensation or gain, with Kansas consumers prior to registering as a credit services organization with the Kansas State Bank Commissioner, in violation of K.S.A. 50-1118 of the KCSO Act and K.S.A. 50-626.

14. Defendant CLG does not admit the above allegations but agrees to this Consent Judgment without trial or adjudication of any issue of fact or law, solely for the purpose of settlement.

INJUNCTIVE RELIEF

15. Defendant CLG agrees to refrain, and to be permanently enjoined, from engaging in those acts and practices set forth in paragraphs ten (10) through thirteen (13), and Defendant CLG agrees that engaging in any such acts or similar acts, after the date of this Consent

Judgment, shall constitute a violation of this Consent Judgment.

16. Defendant CLG agrees to comply with all Kansas laws, statutes, rules and regulations, relating to consumer transactions in Kansas, specifically, but not limited to, the Kansas Consumer Protection Act, K.S.A. 50-623, *et seq.* and the Kansas Credit Services Organization Act, K.S.A. 50-1116, *et seq.*

17. Defendant CLG agrees to cooperate with the Office of the Kansas Attorney General or the Office of the Kansas State Bank Commissioner in investigating and remedying any complaints filed with either office pertaining to Defendant CLG.

18. Defendant CLG agrees to make available and/or disclose the provisions of this Consent Judgment to each officer, director, member, manager, employee, agent, independent contractor and representative having responsibilities with respect to the subject matter of this Consent Judgment within ten (10) days of signing the Consent Judgment or within fifteen (15) days after any person assumes such position or responsibilities.

19. Defendant CLG agrees that the terms of this Consent Judgment apply to acts performed individually, in concert, or by or through its employees, directors, officers, owners, members, managers, parents, agents, assigns, and all other persons or entities acting in concert with them or on their behalf, including their predecessors, subsidiaries, affiliates, and successors.

CONSUMER RESTITUTION

20. Defendant CLG agrees to provide refunds to the following Kansas consumers, in the amounts set forth below:

- a. John "Juan" and Tracey Montemayor – \$3,800.00
- b. Claude Phillipe – \$1,600.00

21. Payment shall be made, within ten (10) days of signing this Consent Judgment, in the form of a cashier's check, money order or other certified funds payable directly to the above-named consumers and delivered to Plaintiff at the address set forth in paragraph twenty-six (26).

22. Plaintiff hereby agrees to deliver Defendant CLG's restitution payments to the above-named consumers or, if unable to locate the consumer(s), to remit the funds in accordance with Kansas law.

INVESTIGATIVE FEES AND CIVIL PENALTIES

23. Defendant CLG agrees to pay to the Office of the Kansas Attorney General one thousand, five hundred dollars (\$1,500.00) in investigative fees and twenty thousand dollars (\$20,000.00) in civil penalties, pursuant to K.S.A. 50-632 and 50-636.

24. Defendant CLG agrees to pay the aforementioned (\$1,500.00) in investigative fees at the time of signing this Consent Judgment.

25. Defendant CLG agrees to pay the aforementioned twenty thousand dollars (\$20,000.00) in civil penalties over the course of twelve (12) installments as follows:

- a. Defendant CLG shall pay two thousand dollars (\$2,000.00) to the Office of the Kansas Attorney General at the time of signing this Consent Judgment. The remaining eighteen thousand dollars (\$18,000.00) shall be paid in twelve (12) equal installments of one thousand, five hundred dollars (\$1,500.00) due on or before the first day of each month thereafter, beginning on November 1, 2014.
- b. Defendant CLG agrees that time is of the essence for each of the aforementioned payments, and Defendant CLG shall be responsible for the timely submission thereof.

26. Payment shall be made in the form of a cashier's check, money order or other certified funds payable to the Office of the Kansas Attorney General, mailed to:

Meghan E. Stoppel, Assistant Attorney General
Office of the Kansas Attorney General
120 SW 10th Ave, 2nd Floor
Topeka, Kansas 66612

27. Defendant CLG agrees that pursuant to 11 U.S.C. § 523(a)(2)(A) and § 523(a)(7), and due to the nature of the conduct underlying this settlement, any unpaid penalties and/or fees shall not be dischargeable in any bankruptcy proceeding commenced after the entry of this Consent Judgment.

OTHER PROVISIONS

28. 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.

29. 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.

30. Compliance with this Consent Judgment does not relieve Defendant CLG 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 his jurisdiction.

31. Defendant CLG shall not participate, directly or indirectly, in any activity or form a separate entity or corporation for the purpose of engaging in acts or practices which are prohibited in this Consent Judgment or for any other purpose which would otherwise circumvent the spirit or purposes of this Consent Judgment.

32. Defendant CLG shall not cause or encourage third parties, nor knowingly permit third parties acting on its behalf, to engage in practices from which Defendant CLG is prohibited by this Consent Judgment.

33. 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 Defendant CLG nor shall Defendant CLG 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.

34. This Consent Judgment represents the entire agreement between Plaintiff and Defendant CLG, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Consent Judgment which are not fully expressed herein or attached hereto.

35. Nothing in this Consent Judgment shall be construed to create, waive or limit any private right of action.

36. Each of Defendant CLG's representatives signing this Consent Judgment warrants that the representative has been duly authorized by Defendant CLG to enter into and execute this Consent Judgment on behalf of Defendant CLG. Defendant CLG further represents that it has

had an opportunity to consult with and obtain the advice of private legal counsel prior to entering into this Consent Judgment.

37. This Consent Judgment may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect, as an original signature.

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 CLG immediately becomes a judgment upon filing.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant CLG shall make full restitution to the consumers identified, and in the amounts set forth, in paragraph twenty (20).

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment is entered against Defendant CLG and in favor of Plaintiff in the amount of \$1,500.00 in investigative fees and \$20,000.00 in civil penalties.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant CLG pay all costs associated with this action.

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.

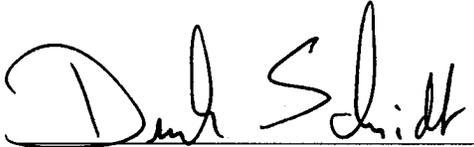
IT IS SO ORDERED.

A handwritten signature in black ink, appearing to be "Deborah A. H.", written over a horizontal line. The signature is cursive and stylized.

DISTRICT COURT JUDGE

Prepared and approved by:

PLAINTIFF:

A handwritten signature in black ink, appearing to read "Derek Schmidt". The signature is written in a cursive style with a horizontal line underneath.

Derek Schmidt, KS #17781
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A handwritten signature in black ink, appearing to read "Meghan E. Stoppel". The signature is written in a cursive style with a horizontal line underneath.

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