

Fiscal Year 2009 (July 1, 2008 through June 30, 2009)

Number of Investigative Requests Received:	8,012
Number of Investigative Requests Closed:	8,310
Consumer Savings (without litigation):	\$1,343,832.04
Judgments Awarded (litigation):	
Restitution	\$1,105,607.10
Penalties/Fees	\$3,496,200.00
Multi-State	\$2,151,844.30

Total savings, judgments and restitution: \$8,097,483.44

Number of Investigative Requests Received by Category:

Account Access Ruse	178
Advanced Fee Letters	14
Advertising	260
Antitrust (Merger & Acquisition)	1
Antitrust (Monopolization)	1
Antitrust (Price Fixing)	2
Appliances	57
Assistive Device (Lemon Law)	1
Auto (Leasing)	2
Auto (Lemon Law)	20
Auto (Motor Homes, RV's & Campers)	4
Auto (New Vehicles)	50
Auto (Repair & Service)	176

Auto (Title Issues)	30
Auto (Used Vehicles)	171
Auto (Warranty Problems)	165
Boats, Boating Equipment & Repairs	6
Book, Record & Tape Clubs	8
Business Opportunity Services	101
Cable Television	48
Cemeteries	7
Cemetery Corporations	1
Charitable Organizations	31
Clothing	7
Collectibles & Antiques	2
Collection (Agency)	585
Collection (Attorney)	37
Collection (Principle Creditor)	89
Computers	71
Computer (Internet Sales)	222
Computer (Online Services)	64
Contests (Mail)	28
Credit	489
Credit Reporting Agencies	54
Discount Buying Clubs	13
Door-To-Door Sales	51

Education	29
Employment Services	6
Energy Saving Devices	2
Failure to Furnish Merchandise (Other Than Mail)	1
Farm Implements & Equipment	15
Faxes (Unsolicited)	22
Fire, Heat & Smoke Alarms	1
Floor Coverings	8
Food Products	6
Funeral Homes	11
Funeral Plans	1
Furniture	30
Gasoline (Content)	6
Gasoline (Pricing)	50
Health (Services – Doctor, Dentist, Hospitals, etc)	98
Health Spas & Weight Salons	22
Hearing Aids	11
Heating & Air Conditioning	27
Home Construction	44
Home Improvement (Electrical)	5
Home Improvement (General Complaint)	122
Home Improvement (House Painting)	6
Home Improvement (Plumbing)	11

Home Improvement (Roofing)	63
Home Improvement (Siding)	10
Home Improvement (Windows & Doors)	23
Identity Theft	71
Invoice & Billing Scams	18
Jewelry	8
Junk Mail	43
Loan Finders	22
Lottery & Sweepstakes	132
Magazine Subscriptions (Sales)	80
Magazine Subscriptions (Service)	9
Mail Order (Defective Merchandise)	4
Mail Order (Deceptive Practices)	39
Mail Order (Failure to Deliver)	20
Mail Order (Refusal to Make Refunds)	20
Mail Order (Unordered Merchandise)	32
Medical Discount Cards	32
Medical Equipment	12
Miscellaneous	824
Mobile Homes & Manufactured Homes	16
Mobile Home Parks	1
Mortgages	250
Mortgage (Escrow Problems)	2

Motorcycles & Bicycles	56
Moving & Storage	19
Multi-level Marketing & Pyramid	13
Musical Instruments & Lessons	2
Negative Selection	25
Nigerian Letters	42
No-Call	374
Nurseries, Lawn, Gardening and Landscape	28
Nursing Homes	7
Office Equipment & Supplies	1
Overpayment Scam	15
Pest Control	12
Pets & Animals	28
Photo Equipment & Services	5
Photo Studios & Companies	4
Privacy Issues	1
Real Estate (Houses)	18
Real Estate (Other Than Houses)	4
Rebates	38
Recovery Companies	1
Satellite Dishes	91
Securities & Investments	25
Security Systems	45

Services (General)	837
Services (Professional)	39
Sporting Goods	17
Steel Buildings	5
Stereo Equipment	2
Telephone (800#, 900# & International Calls)	2
Telephone (Cell & Pager Services)	177
Telephone (Cramming)	117
Telephone (Prepaid Phone Cards)	7
Telephone (Service & Long Distance)	128
Telephone (Slamming)	30
Telephone (Solicitations - Business Advertising)	1
Telephone (Solicitations - General)	106
Telephone (Solicitations - Office Supplies)	6
Telephone (Solicitations - Magazines)	14
Televisions & VCR's	19
Timeshares (Sales)	31
Tobacco Sales	1
Toys	6
Travel	138
Unauthorized Practice of Law	15
Unsolicited E-mail (Spam)	35
Warranty Problems (Other Than Auto)	81

Water Softeners, Conditioners, Purifiers, etc.	15
Work-At-Home Schemes	18
TOTAL	8,012

Largest Cases Highlighted:

Countrywide Financial Corporation:

The State of Kansas entered into an Assurance of Voluntary Compliance with Countrywide Financial Corporation on November 26, 2008 after the investigation of Countrywide concerning allegations of predatory lending. The AVC provided a cash settlement for consumers of \$776,000.00 and an indirect savings for consumers of 16,100,000.00 in loan modifications. The State of Kansas received \$250,000.00 in fees.

Vacation International Professional Services, LLC (Elite Escapes):

In July of 2008, the State of Kansas conducted an undercover investigation on Vacation International Professional Services, LLC (Elite Escapes) concerning allegations of Elite Escapes making misrepresentations to consumers during the sell of travel club packages. The State of Kansas received and executed a Temporary Restraining Order against Elite Escapes and received a Default Judgment on November 12, 2008. The judgment provided \$32,396.00 in consumer restitution and \$1,937,200.00 in penalties and fees to the State of Kansas. This action effectively shut down the operations of Vacation International Professional Services, LLC (Elite Escapes) in Kansas.

Eli Lilly:

On October 8, 2008, the State of Kansas entered into a settlement agreement with Eli Lilly related to the improper marketing and off-label promotion of the antipsychotic drug Zyprexa. The settlement marked the largest multistate consumer protection pharmaceutical settlement. Eli Lilly agreed to pay the participating states \$62 million, of which Kansas received \$1.8 million. Eli Lilly further agreed to change the way it markets Zyprexa to eliminate the off-label promotion of the drug for uses that are not approved by the U.S. Food and Drug Administration. The agreement provided that the settlement money must be utilized to increase and promote consumer protection laws and education.

Pfizer, Inc:

On October 22, 2008, the State of Kansas entered into a settlement agreement with Pfizer, Inc. related to the improper marketing and off-label promotion of the Cox-2 drugs Celebrex and Bextra. The multistate consumer protection investigation focused on representations made by Pfizer indicating these drugs were safer and more effective than traditional non-steroidal anti-inflammatory drugs (NSAIDs), such as ibuprofen and naproxen. Pfizer agreed to pay the participating states \$60 million, of which Kansas received \$740,000.00. Pfizer further agreed to extensive injunctive terms relating to the promotion and marketing of these drugs. The agreement provided that the settlement money must be utilized to increase and promote consumer protection laws and education.

FY 2009 Case Summary

State v. Midwest Lending.Net, LLC

9-28-2008

Assurance of Voluntary Compliance

The Attorney General obtained an assurance of voluntary compliance from MidwestLending.Net, LLC, for engaging deceptive lending practices in connection with a transaction with one consumer. MidwestLending.Net, LLC, agreed to refund the consumer \$1,300.00 through an assurance of voluntary compliance with our office.

State v. Outdoors Unlimited Lawn and Landscape, *et al.*

10-16-2008

Jefferson County 08 CV 110

The Attorney General's Office sued Outdoors Unlimited Lawn and Landscape, Jeremy Pickens and Nicole Pickens for using unconscionable contracts for their lawn and landscaping services as well as accepting payment for work that was never completed. One family was refunded \$2,500.00 as part of a total judgment of \$5,000.00.

State v. Straub International, Inc.

10-31-2008

Assurance of Voluntary Compliance

The Attorney General's Office entered into an assurance of voluntary compliance with Straub International, Inc. after Straub used form contracts that improperly waived implied warranties in violation of Kansas law. Straub agreed to change all contract immediately, honor all implied warranties and pay the Office of the Attorney General \$1,900.00.

State v. Countrywide Financial Corporation

11-26-2008

Assurance of Voluntary Compliance

The Attorney General's Office entered into an assurance of voluntary compliance with Countrywide Financial Corporation to address the ongoing foreclosure crisis in Kansas. As a result, Countrywide, now owned by Bank of America, agreed to provide modifications of home loans in Kansas through a variety of programs and methods, referred to as the National Home Retention Program (NHRP). This settlement will continue to provide savings to Kansans until the end of 2012. Through the end of FY 2009 the NHRP provided Kansans \$3,839,122.00 in savings and \$281,580.00 in cash payouts. Through the end of FY 2010 the NHRP has provided \$15,847,914.00 in savings to Kansas consumers.

Cashback America, Inc. *et al.*

Shawnee County, 08C1482

1-06-09

The Attorney General obtained a Default Judgment against the Defendants for violations of the KCPA related to the solicitation and administration of a rebate voucher program in conjunction with the purchase of certain household items. The State of Kansas was awarded \$4,929,000.00 in civil penalties and fees, and \$21,000.00 in consumer restitution, in addition to injunctive measures regarding business practices.

Dell, Inc. and Dell Financial Services, LLC

1-12-09

The Attorney General entered into a multi-state Assurance of Voluntary Compliance with the Defendants for violations of the KCPA related to the financing of consumer transactions and the fulfillment of service agreements. The Defendants agreed to pay \$25,000.00 to the State of Kansas for fees, consumer restitution and the enforcement fund, in addition to injunctive measures regarding business practices.

State v. Fairway Auto Sales

1-9-2009

Sedgwick County 08 CV 3808

The Attorney General's Office entered into a consent judgment with Fairway Auto Sales for deceptive acts and practices in connection with a vehicle sale. Fairway improperly waived implied warranties and refused to pay for necessary repairs to a vehicle sold to a Kansas consumer. The consent judgment required that Fairway pay for all repairs to the vehicle in the amount of \$937.85.

State v. Vintage Stoves, Inc. *et al.*

1-23-2009

The Attorney General's Office obtained a default judgment against Vintage Stoves, Inc. and Steven Radakovich for deceptive and unconscionable practices related to the sale and rehabilitation of antique and custom made

stoves. After a lengthy search, the defendant was served with a lawsuit. Default judgment was obtained against Vintage Stoves and Mr. Radakovich in the amount of \$670,384.51 which includes \$470,000.00 in civil penalties, \$192,884.51 in restitution and \$7,500.00 in investigative fees.

State v. Jonson Huang, Inc.

Sedgwick County 09 C 77

1-21-2009

The Attorney General's Office filed a quo warranto petition to revoke the articles of incorporation for Jonson Huang, Inc. The real Jonson Huang is a doctor in Topeka, Kansas. He was the victim of identity theft in late 2008. As a result of an investigation, the Attorney General's office was able to provide some help to this victim by revoking the articles of incorporation filed by the identity thief.

State v. Dream Vacations

Shawnee County 09 C 107

1-26-2009

The Attorney General's Office entered into a consent judgment with Dream Vacations for engaging in deceptive and unconscionable sales practices with one elderly consumer in Kansas. Dream Vacations agreed to not contest a \$880.00 credit card chargeback the consumer obtained, never again do business in Kansas and pay \$1,100.00.

State v. AIO Acquisitions, d/b/a Personnel Concepts

Assurance of Voluntary Compliance

The Attorney General's Office entered into an assurance of voluntary compliance for activities conducted by Personnel Concepts in connection with the sale of posters to sole-proprietors and family partnerships. In connection with the sale of these products, the defendants did not provide statutory disclosures while using solicitations that look like bills. The defendant agreed to refund any consumer who made such a request and paid \$25,000.00 in penalties and fees.

Direct Advertising Consultants, Inc.

2-23-09

The Defendant agreed to pay \$2,000.00 in civil penalties and investigative fees, and \$20.00 in consumer restitution, in addition to injunctive measures regarding business practices.

State v. Dreamscapes Landscape and Irrigation, Inc. and Paul B. Gardner II

Douglas County, 08CV807

3-16-09

The Attorney General obtained a Default Judgment against the Defendants for violations of the KCPA related to the solicitation and performance of landscape and irrigation services. The State of Kansas was awarded

\$214,200.00 in civil penalties and fees, and \$30,122.00 in consumer restitution, in addition to injunctive measures regarding business practices.

State v. Chris Tucker d/b/a Tucker's Furniture

Sedgwick County, 09CV1268

4-2-09

The Attorney General filed suit against the Defendant for violations of the KCPA related to the sale of furniture and consumer financing. The case was dismissed without prejudice, as the State of Kansas was unable to obtain service on the Defendant.

State v. Twisted Liquid Racing, LLC, *et al.*

Butler County 2008 CV 414

4-14-2009

The Attorney General Obtained a default judgment against Twisted Liquid Racing, LLC and its owner James Barringer for deceptive and unconscionable practices related to the sale and modification of radio controlled miniature and model boats. Defendant had taken several boats and failed to modify or had accepted payment for boat purchases and never provided the merchandise for consumers. The Attorney General obtained a default judgment of \$417,447.00 which included \$5,697.00 in restitution, \$410,000.00 in civil penalties and \$1,750.00 in fees as well as a permanent injunction.

State v. Aaron & Gold

Shawnee County

5-6-2009

The Attorney General obtained a default judgment against Aaron & Gold, a California company engaged in debt settlement and the unauthorized practice of law without a license. The company accepted payment to negotiate debts that were the subject of litigation. No one from the company was a lawyer licensed to practice law in Kansas or any other state. The Attorney General obtained a judgment of \$43,700.00.

State v. Fenton Motors of El Dorado, Inc.

Butler County

Assurance of Voluntary Compliance

6-1-2009

The Attorney General's Office filed litigation against Fenton Motors of El Dorado which later led to a settlement via an assurance of voluntary compliance. The lawsuit stemmed from allegations of changing loan paperwork for consumer approval and selling cars that did not work as well as deceptive advertising. Fenton paid a \$14,250.00 which includes \$1,500.00 in civil penalties and \$1,702.00 in restitution.