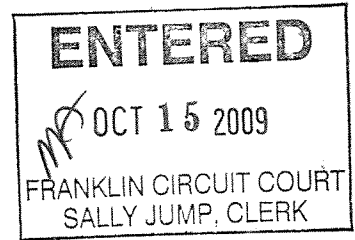


COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION _____
MISC NO. #179



COMMONWEALTH OF KENTUCKY, EX. REL.
JACK CONWAY, ATTORNEY GENERAL

PETITIONER

v.

ASSURANCE OF VOLUNTARY COMPLIANCE

COURTESY CALL, INC. and
UNITED STATES DEPUTY SHERIFFS' ASSOCIATION

RESPONDENTS

* * * * *

Pursuant to KRS 367.230, this Assurance of Voluntary Compliance is provided to the Commonwealth of Kentucky, ex. rel. Jack Conway, Attorney General, by Courtesy Call Inc. and United States Deputy Sheriffs' Association.

I. PARTIES

1. The Petitioner is the duly elected Attorney General of the Commonwealth of Kentucky and is responsible for enforcement and administration of Kentucky law, including the consumer protection laws set forth in Kentucky Revised Statutes (KRS) Chapter 367. The Petitioner is sometimes referred to herein as "Petitioner" or "Attorney General".

2. The Respondent, Courtesy Call, Inc. (sometimes referred to herein as "CCP") is a Nevada corporation with its principal place of business at 1835 E. Charleston, Suite 4, Las Vegas, NV 89104.

3. The Respondent, United States Deputy Sheriffs' Association (sometimes referred to herein as "USDSA"), is an organization located at 1304 Langham Creek, Houston, Texas 77084.

II. JURISDICTION AND VENUE

4. This Court has jurisdiction over the parties and the subject matter of this Assurance of Voluntary Compliance (AVC) pursuant to KRS 367.230.

III. SUPPORTING STATEMENTS

5. Paragraphs 1 through 4 are hereby restated and incorporated by reference.

6. Respondent, Courtesy Call Inc., in the regular course of business has solicited for contributions from Kentucky consumers on behalf of certain charitable or civic organizations, including but not limited to, United States Deputy Sheriffs' Association and Cancer Center for Detection and Prevention, in a manner that Petitioner alleges is in violation of applicable law. Respondent denies that it has violated Kentucky law.

7. Respondent, USDSA, in the regular course of business has directly and indirectly solicited for contributions from persons in Kentucky in a manner that Petitioner alleges is in violation of applicable law. Respondent denies that it has violated Kentucky law.

A. STATUTES AND REGULATIONS

8. KRS 367.170(1) states that “[u]nfair, false, misleading, or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.”

9. KRS 367.667 states:

“The following acts and practices in the conduct of a charitable solicitation shall be considered unfair, false, misleading, or deceptive in violation of KRS 367.170: (1) Representing or leading anyone in any manner to believe that a solicitation is for or on behalf of a charitable organization ...without first being authorized in writing to do so by the charitable organization...”

10. KRS 367.668 states:

(1) “Prior to orally requesting a contribution or when requesting a contribution in writing, a professional solicitor shall clearly disclose: (a) his name as set out in the registration statement filed with the Attorney General pursuant to KRS 367.652 and the fact that he is being paid for his services.

(b) the name of the charitable organization he represents...

(3) Any responses given by or on behalf of the professional solicitor to an oral or written request for information shall be truthful. . . .

(5) If the person being solicited requests information regarding the amount or percentage of funds going to the charitable organization or for a charitable or civic purpose, the professional solicitor shall inform the person solicited of the percentage of the gross revenue or reasonable estimate of the gross revenue that the charitable organization will receive from the solicitation campaign.”

11. KRS 367.230 states:

“In the administration of KRS 367.110 to 367.300, the Attorney General may accept an assurance of voluntary compliance with respect to any method, act, or practice deemed to be violative of KRS 367.110 to 367.300 from any person who has engaged or was about to engage in that method, act, or practice. This assurance shall be in writing and shall be filed with and subject to the approval of the Circuit Court in which the alleged violator resides or has his principal place of business, or the Franklin Circuit Court. An assurance of voluntary compliance shall not be considered an admission of violation for any purpose. It shall be a willful violation of KRS 367.170 if a person who enters into an assurance of voluntary compliance fails to comply. Matters thus closed may at any time be reopened by the Attorney General for further proceedings in the public interest, pursuant to KRS 367.190.”

12. KRS 367.665 provides: “All of the remedies, powers, and duties provided for the Attorney General by KRS 367.190 to 367.300 appertaining to act

declared unlawful by KRS 367.170 shall apply with equal force and effect to acts declared unlawful by KRS 367.650 to 367.670.”

13. KRS 367.990 states:

(1) “Any person who violates the terms of a temporary or permanent injunction issued under KRS 367.190 shall forfeit and pay to the Commonwealth a civil penalty of not more than twenty-five thousand dollars (\$25,000) per violation....

(2) In any action brought under KRS 367.190, if the court finds that a person is willfully using or has willfully used a method, act, or practice declared unlawful by KRS 367.170, the Attorney General, upon petition to the court, may recover, on behalf of the Commonwealth, a civil penalty of not more than two thousand dollars (\$2,000) per violation, or where the defendant's conduct is directed at a person aged sixty (60) or older, a civil penalty of not more than ten thousand dollars (\$10,000) per violation, if the trier of fact determines that the defendant knew or should have known that the person aged sixty (60) or older is substantially more vulnerable than other members of the public.

(10)(a) Any person who violates the terms of a temporary or permanent injunction issued under KRS 367.665 shall forfeit and pay to the Commonwealth a penalty of not more than five thousand dollars (\$5,000) per violation....”

B. FINDINGS

14. The Kentucky Attorney General is charged with, among other things, the responsibility of enforcing the Kentucky Consumer Protection Act, KRS 367.190.

15. Respondents, Courtesy Call, Inc. and USDSA, at all times relevant hereto, have been and continue to do business in Kentucky. Respondents deny that they have been and continue to do business in Kentucky for the purposes of KRS 271B.15-010(1).

16. Respondents at all times relevant hereto engaged in trade and commerce within the meaning of the Consumer Protection Act in the Commonwealth of Kentucky.

17. Respondent Courtesy Call, Inc. has solicited for donations from persons in the Commonwealth of Kentucky for several years on behalf of several organizations, including, but not limited to the United States Deputy Sheriffs' Association and Cancer Center for Detection and Prevention.

18. Respondent USDSA has solicited for donations from persons in the Commonwealth of Kentucky for several years, and it has solicited for donations in Kentucky through the services of the professional solicitors, Courtesy Call, Inc. and Community Support, Inc.

19. Petitioner has alleged that the Respondents have engaged in unfair, false, misleading or deceptive acts or practices in the conduct of trade and commerce, in violation of KRS 367.170 of the Act.

20. On or about June 10, 2009, Respondents entered into an Assurance of Voluntary Compliance with Jack Conway, Attorney General, ex. rel. agreeing not to solicit contributions for a period of forty-five (45) days following the entry thereof pending investigation.

21. Respondents deny the factual allegations and legal contentions of the Petitioner and specifically deny that they have violated Kentucky law. In order to resolve their differences, the parties have entered into this Assurance of Voluntary Compliance.

IV. PETITIONER'S ALLEGATIONS OF VIOLATIONS

22. Petitioner alleges that Courtesy Call, Inc.'s callers falsely represented to Kentucky

consumers that they are calling on behalf of the local sheriffs' department, when in fact the caller is calling on behalf of USDSA, and USDSA is not affiliated with the local sheriffs' office. Petitioner alleges that Courtesy Call, Inc.'s paid callers have gone so far as to suggest and represent to consumers that they are deputies with the local sheriffs' department requesting assistance to purchase bulletproof vests.

23. Petitioner alleges that Respondent, Courtesy Call, Inc., with the knowledge of USDSA sent pledge and fulfillment materials to prospective donors in Kentucky showing United States Deputy Sheriffs' Association as having a PO Box address in Louisville, Kentucky. USDSA does not have any post office box or physical presence in Kentucky. Petitioner alleges that the address on the written materials is intended to mislead by suggesting that USDSA has a presence in Kentucky and to bolster the misimpression that their donations will be used locally.

24. Petitioner alleges that Respondent, Courtesy Call, Inc., made false statements to Kentucky consumers asserting that their donations to the United States Deputy Sheriffs' Association will be used to benefit their local county sheriffs' departments and other Kentucky sheriffs' departments. Courtesy Call, Inc. made these misrepresentations knowing that the donations may not be used to benefit the local department or deputies throughout the state.

25. Petitioner alleges that Courtesy Call, Inc.'s callers do not disclose to Kentuckians that they work for the professional solicitor, Courtesy Call, Inc., and do not disclose that they are paid for their services, contrary to KRS 367.668.

26. Petitioner alleges that when calling on behalf of USDSA, Courtesy Call, Inc.'s callers give the false impression that donations will be used to provide safety equipment for their local deputies and sheriffs' department by unduly emphasizing the purchase of bullet proof vests and slain

officer program of USDSA. Further, Petitioner alleges that a large portion of USDSA's equipment donations in Kentucky have not been for bullet proof vests or other equipment directly related to officer safety.

27. Petitioner alleges that Respondent USDSA knowingly allowed the paid professional solicitors it employed, including Courtesy Call, Inc., to falsely represent to Kentucky consumers that their donations will be used to benefit their local county sheriffs' departments or other Kentucky sheriffs' departments. Petitioner alleges that such representations are false and misleading because the donations are not necessarily used to purchase equipment for local sheriffs' departments. Respondent distributes equipment using an application process whereby a deputy or sheriff may submit an application requesting equipment and USDSA may or may not provide the equipment requested. There is no coordination with the local Sheriffs' office as consumers are led to believe, and USDSA does not track donations received from a particular locality in Kentucky. Petitioner further alleges that USDSA has no understanding or expectation at the time of the solicitation that the local sheriffs' department or deputy will benefit from the funds raised. Additionally, while USDSA has donated equipment in Kentucky, Petitioner alleges that much of the donations have been to constables, rather than deputies and sheriffs.

28. Petitioner also alleges that USDSA has made false statements on its webpage. For instance, USDSA posted on its website that Franklin, Edmonson and Boyle Counties Sheriffs' Departments had received bulletproof vests and other equipment from USDSA, when those departments had not received any equipment donations from USDSA. In making the representation, USDSA used photos of each sheriffs' department's official patch to support the representation without the consent of the department. Additionally, USDSA represented on its website that it had

made donations to several counties in Kentucky that do not exist. Further, Petitioner alleges that on its website USDSA misrepresents the extent and nature of donations to Kentucky sheriffs' departments through duplicate and misleading entries.

29. Respondent, USDSA, asserts that any false or incorrect information on its website was the result of inadvertent clerical errors and not intentional false statements. USDSA represents that it has now corrected the errors on its webpage as pertains to Kentucky.

30. Petitioner alleges that Respondent, Courtesy Call, Inc., has solicited donations on behalf of the charitable organization, Cancer Center for Detection and Prevention, without registering the promotion with the Office of Attorney General as required by KRS 367.653 and without first being authorized in writing to do so by the charitable organization in violation of KRS 367.667.

V. NO ADMISSION BY RESPONDENTS

31. The Respondents do not admit to any wrongdoing or violation of law. Respondents have agreed to enter into this Assurance of Voluntary Compliance, but this AVC shall not be considered an admission of violation or finding of a violation for any purpose.

VI. MISCELLANEOUS PROVISIONS

32. Nothing in this AVC shall relieve Respondents of their obligation to comply with all applicable state and federal law.

32. Nothing in this AVC is intended to affect any rights any consumer may have regarding any matter described herein.

34. If any clause, provision or section of this AVC shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this AVC and this AVC shall be construed and enforced as if

such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

VII. GENERAL STATEMENTS

35. Respondents state that they were advised of the opportunity to obtain an attorney's advice and representation, and that they have been advised by an attorney relating to this matter.

36. The Respondents, and the officers or members signing this AVC on behalf of the Respondents, state that they are under no disability, have read and knowingly consent and agree to this AVC, and that the officers signing this AVC have authority to sign and enter into this AVC on behalf of Respondents. The Respondents acknowledge that this AVC is binding on all of their agents, employees, successors, parent companies, subsidiaries or assigns.

37. This AVC shall be binding and effective as of the date of its entry by the Clerk.

38. The Respondents do not object to the Attorney General's *ex parte* submission and presentation of this AVC to the Franklin Circuit Court for approval and agree that the Franklin Circuit Court has jurisdiction and is the proper venue for this action.

39. The Respondents do not object to the Franklin Circuit Court approving and signing this AVC and does not object to the AVC's entry by the clerk of said court.

WHEREFORE, the parties being in agreement and having agreed to entry of this AVC, the requirements of KRS 367.230 having been met, and the Court being well and sufficiently advised in regard to this matter;

1. Respondents, Courtesy Call, Inc. and United States Deputy Sheriffs' Association, shall at all times comply with the requirements of KRS 367.170 to 367.300, KRS 367.990 to 367.993, 367.650 to 367.670, and related administrative regulations.

2. It shall be a willful violation of KRS 367.170 if either Respondent fails to comply with any and all terms set forth in this Assurance of Voluntary Compliance as provided in KRS

367.230.

3. As provided in KRS 367.230, this AVC shall not be considered an admission of violation for any purpose.

4. Respondent, Courtesy Call, Inc., its agents, contractors, and employees, shall not state, suggest, or imply to Kentucky consumers that their donations will be used to benefit their local communities or the state at large, unless and until CCI obtains a written statement from the charitable organization for which it is soliciting attesting that all contributions received from a particular locality or community will be used to benefit that locality or community.

Respondent, USDSA, shall not make any false representation, or allow any person acting on its behalf, to make any false representation, directly or by implication, to any Kentucky consumer about who the contributions will benefit and how the contributions will be used. USDSA shall not make any representations, or allow any person acting on its behalf, to represent, directly or by implication, that contributions from Kentuckians will be used to benefit Kentucky deputies and sheriffs' departments, or that contributions from a particular locality in Kentucky will be used to benefit deputies and sheriffs' departments in that locality, unless and until USDSA modifies its program and its tracking of contributions so as to guarantee that amounts received from consumers in a particular community will be utilized to benefit deputies and sheriffs' in the community.

Within 5 days of executing this AVC, Respondent, United States Deputy Sheriffs' Association, shall notify and direct, in writing, each of its solicitors to not represent, directly or by implication, to any Kentucky consumer that contributions from Kentuckians will be used to benefit Kentucky sheriffs' departments or that contributions from them will be used to benefit their local deputies and sheriffs' department. USDSA shall further direct, in writing, its solicitors to henceforth inform Kentucky consumers that their contributions may be used to purchase equipment for deputies and sheriffs' departments in other states, unless and until USDSA modifies its program and tracking

measures as provided herein resulting in donations being used to benefit the deputies and sheriffs' departments in Kentucky and in the particular locality. USDSA shall likewise direct its solicitors to inform Kentucky consumers that their contributions may be used to purchase equipment for constables, and not just deputies and sheriffs' departments. USDSA shall require its solicitors to modify their solicitation materials and scripts, if any, within thirty (30) days of executing the AVC to reflect this information. USDSA shall provide the Office of Attorney General a copy of the written notifications provided to solicitors hereunder at the same time they are provided to the solicitors.

5. Respondent, Courtesy Call, Inc., shall not use or display a Kentucky address as the address for a charitable organization on donor, pledge and fulfillment materials for any charitable organization that does not have a physical presence in Kentucky. On all donor, pledge and fulfillment materials, Respondent Courtesy Call, Inc. shall provide in a clear and conspicuous manner the official address of the charitable organization. Within 30 days of executing this AVC, CCI shall modify all written materials for any on-going campaign in accordance herewith.

Within 5 days of executing this AVC, Respondent, United States Deputy Sheriffs' Association, shall direct, in writing, each of its solicitors in Kentucky to not display a Kentucky address as the address for USDSA and shall direct each solicitor to display, in a clear and conspicuous manner on all donor, pledge and fulfillment material its official address. Likewise, in any correspondence, communication, or mail piece sent by USDSA directly or on its behalf to a person residing in Kentucky there shall not be any Kentucky address provided as the address of USDSA and the official address of USDSA shall be clearly and conspicuously displayed.

6. Within 30 days of executing this AVC, Respondent Courtesy Call Inc. shall obtain written confirmation from each charitable organization for which it solicits specifically approving the script used by CCI callers and affirming that each representation in the script is true and accurate. CCI shall provide a copy of the approved script and written confirmation thereof to the Office of

Attorney General at the time it is received by CCI. With respect to any future promotions for any charitable organization, CCI shall obtain such written confirmation prior to soliciting on behalf of the organization. Such scripts and confirmations shall be maintained by CCI for three (3) years beyond the conclusion of the campaign. CCI shall provide a copy of the script to be used by CCI callers and the written confirmation from the charitable organization to the Office of Attorney General at the time that it registers the promotion, and in the event there is a modification to the script it must provide a copy of the confirmation to the Office of Attorney General within 7 days of the modification.

Respondent, USDSA, must approve, in writing, any script, mailings or donor materials used by its solicitors, agents and contractors, and shall maintain a copy of the scripts and written approvals for three (3) years beyond the conclusion of the promotion.

7. Courtesy Call, Inc. shall abide by KRS 367.668, including, but not limited to, prior to requesting a contribution, any employees, agents, and contractors of CCI shall clearly disclose that they are employed by Courtesy Call, Inc., that Courtesy Call, Inc. is a professional solicitor and that Courtesy Call, Inc. is being paid for its services. Courtesy Call, Inc. shall incorporate the disclosures required by Kentucky law into any scripts it uses for soliciting. CCI, its employees, agents and contractors, shall not represent, suggest, or imply to consumers that they are in fact a sheriff or deputy or that they are affiliated with any sheriffs' department.

8. In accordance with KRS 367.653, Courtesy Call, Inc. shall register the promotion for any charitable organization for which it, through any agent, contractor, or employee, solicits. As provided in KRS 367.667, Courtesy Call, Inc. shall not represent or lead anyone in any manner to believe that a solicitation is for or on behalf of a charitable organization without first being authorized in writing to do so by the charitable organization.

9. Respondent, USDSA, shall examine its records and correct any and all misstatements

regarding Kentucky donations within thirty (30) days of executing this AVC, and shall send written correspondence to the Office of Attorney General describing its examination and corrections made to the website.

10. Respondents are jointly and severally liable for providing **Seventy-One Thousand Five Hundred Dollars (\$71,500.00)** in additional equipment donations to deputies and sheriffs' departments in the Commonwealth of Kentucky within eighteen months (18) months of executing this AVC. Respondents shall provide this equipment to deputies and sheriffs' departments in response to applications received by United States Deputy Sheriffs' Association from deputies and sheriffs' departments in Kentucky following the execution of this AVC. Respondent, USDSA, shall process the applications in a timely manner, not to exceed 45 days, granting reasonable requests, and balancing a preference for providing equipment to as many sheriffs' departments as possible, and giving priority to requests for safety equipment, e.g. bullet proof vests.

This Seventy-One Thousand Five Hundred Dollars shall be in addition to the donations to Kentucky applicants USDSA would make in the usual course of business; that is, Respondents shall donate \$71,500.00 in equipment in addition to the amount of equipment USDSA ordinarily donates to Kentucky applicants, and for the purposes of this AVC, USDSA's ordinary donation is the amount of its average total annual donation to all Kentucky applicants since 2005. Further, the \$71,500.00 shall be in addition to and shall not be offset by any other donations USDSA is obligated to make to Kentucky law enforcement as a result of current or future solicitations. Additionally, USDSA shall not use the requirement of the \$71,500.00 equipment donation as a reason for denying any qualified Kentucky applicant's request for equipment. USDSA shall not use the \$71,500.00 in connection with any promotion or fundraising or allow any solicitor to refer to the \$71,500.00 in any solicitation on behalf of USDSA in Kentucky.

11. For determining the amount of equipment Respondents donate to Kentucky

applicants, Respondents shall use the cost of the equipment to Respondents if Respondents actually purchase the equipment in an arms-length transaction. In the event Respondents do not purchase the equipment in an arms-length transaction or are not required to pay for the equipment that they donate to Kentucky applicants, then Respondents shall use the wholesale cost of the equipment to the supplier. Respondents shall maintain good and accurate financial and accounting records detailing the cost to Respondents and suppliers' wholesale cost for all equipment provided to the deputies and sheriffs' departments pursuant to this AVC, including but not limited to any invoices, bills of sale, contracts or agreements, checks, acknowledgments of receipt from the donee, and any other record showing the cost of the equipment. Such records shall be maintained for one (1) year following the completion of the \$71,500.00 in equipment donations and shall be provided to the Office of Attorney General within 5 days of a written request from the Office of Attorney General.

12. Within six (6) months of executing the AVC, Respondents shall provide the Office of Attorney General a written summary of the progress made toward distributing the \$71,500.00 in equipment, including detailing the applications for equipment received, donations of equipment made in response to any applications, and any denials, partial or in-full, of any application received. Respondents shall also provide a detailed financial accounting of all equipment provided pursuant to this AVC. At the conclusion of the eighteen (18) months following execution of this AVC, Respondents shall provide a complete review of all activity pertaining to Kentucky donations during the eighteen (18) month period, including any and all applications, donations, denials of requests, and a detailed financial accounting of the \$71,500.00 in equipment donations.

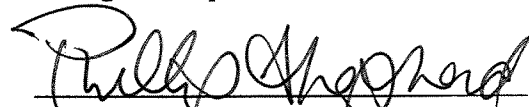
13. In the event Respondents are unable to donate the total amount of \$71,500.00 in equipment to Kentucky deputies and sheriffs' departments within the eighteen (18) months following the execution of this AVC because they have not received sufficient requests for equipment, Respondents shall notify the Office of Attorney General and shall continue to make donations

pursuant to numerical paragraph 10 until the entire \$71,500.00 in equipment has been donated, and Respondents shall provide a written summary every three months in the same manner as described in paragraph 12. Otherwise, Respondents shall be in violation of this AVC and subject to any and all penalties and remedies available under Kentucky law.

14. Respondents shall pay to the Kentucky State Treasurer the sum of **Thirty Thousand Dollars (\$30,000.00)** to reimburse the Office of Attorney General for its cost of investigation and litigation. The \$30,000.00 shall be paid in three equal installments, with the first payment of \$10,000.00 being due upon execution of this AVC, the second payment of \$10,000.00 being due on or before **November 15, 2009**, and the final payment of \$10,000.00 being due on or before **December 15, 2009**.

15. As provided in KRS 367.230, the Attorney General may reopen any of the matters closed through this AVC at any time for further proceedings in the public interest.

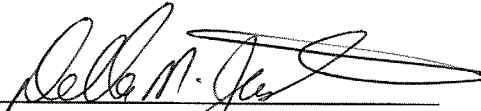
DATE: 10-15-09



JUDGE, FRANKLIN CIRCUIT COURT

HAVE SEEN AND AGREED TO ENTRY:

JACK CONWAY
ATTORNEY GENERAL


COURTESY CALL, INC.
RESPONDENT

By: 
Todd E. Leatherman
Executive Director Consumer Protection
Della M. Justice
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
Telephone: (502) 696-5389

By: 
Richard Zeitlin, President
Courtesy Call, Inc.
1835 E. Charleston, Suite 4
Las Vegas, NV 89104

Date: 9/30/09

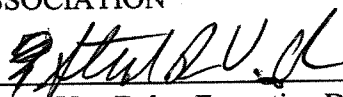
Date: 10-15-09

By: 

Nathan Thomas, Esq.
Copilevitz & Canter, LLC
310 W. 20th Street, Suite 300
Kansas City, MO 64108
COUNSEL FOR RESPONDENT
COURTESY CALL, INC.

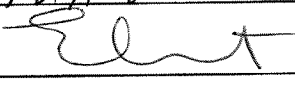
Date: 10-2-09

UNITED STATES DEPUTY SHERIFFS'
ASSOCIATION

By: 

Steven Van Dyke, Executive Director
United States Deputy Sheriffs' Association
1304 Langham Creek
Houston, Texas 77084

Date: 9/24/09

By: 

Errol Copilevitz, Esq.
Copilevitz & Canter, LLC
310 W. 20th Street, Suite 300
Kansas City, MO 64108
COUNSEL FOR RESPONDENT
UNITED STATES DEPUTY SHERIFFS'
ASSOCIATION

Date: 10-2-09