

IN THE IOWA DISTRICT COURT FOR MUSCATINE COUNTY

STATE OF IOWA ex rel.
THOMAS J. MILLER,
ATTORNEY GENERAL OF IOWA,
99AG25112

Plaintiff,

v.

JOHNATHAN C. AHLF, in his individual and
corporate capacities;

KRISTEN N. LAIN, aka Kristen N. Ahlf, in her
individual and corporate capacities; and

PROFIT ALLIANCE, INC.,
dba Profit Alliance Recovery Consultants,
a Texas corporation,

Defendants.

Equity No. EQCV 18307

CONSENT JUDGMENT

FILED
2009 APR 15 PM 2:47
DEPT. L. J. MILLER
CLERK OF DISTRICT COURT
MUSCATINE CO. IOWA

On this 15th day of April, 2009, the Court, having been presented by

Assistant Attorney General Steve St. Clair with this Consent Judgment, determines that final judgment should be entered herein, and finds as follows:

1. Plaintiff State of Iowa ex rel. Thomas J. Miller, Iowa Attorney General, has filed a Petition in Equity against the above-named Defendants pursuant to Iowa Code § 714.16, the Iowa Consumer Fraud Act; Iowa Code § 714.16A, the Consumer Frauds Against Older Iowans Law; and Iowa Code Ch. 551A, the Iowa Business Opportunity Promotions Law; asking the Court for restitution as well as injunctive and other relief.
2. The Court has jurisdiction of the parties and subject matter.
3. Defendants deny wrongdoing or liability of any kind, but have voluntarily agreed to entry of this Consent Judgment in order to resolve this lawsuit. Each Defendant agrees that the

facts as alleged in the Petition shall be taken as true solely for the purpose of a nondischargeability complaint in any bankruptcy proceeding.

4. The Court finds that this Consent Judgment should be entered.

For purposes of this Consent Judgment:

“Attorney General” refers to the Attorney General of Iowa.

“Business Opportunity” includes any business opportunity covered by Iowa Code Ch. 551A, any franchise covered by Iowa Code Ch. 523H, and any and all other plans, formulas, devices, or other means or purported means of producing revenue, earning income, or increasing the value or extent of one’s property or assets.

“Defendants” refers to all of the defendants named in the caption above, unless the context otherwise requires.

“Marketing,” including other forms of the word, includes purported or actual advertising, promoting, transferring, offering for rental or sale, renting, and selling.

“Merchandise” has the meaning set forth at Iowa Code § 714.16 (1)(i).

IT IS THEREFORE ORDERED pursuant to Iowa R. Civ. P. 1.1501 *et seq.* and Iowa Code § 714.16(7) that Defendants, individually and/or in any combination, and, as applicable, each defendant’s principals, employees, agents, servants, representatives, subsidiaries, affiliates, successors, assigns, parent or controlling entities, and all other persons, corporations and other entities acting in concert or participating with a defendant who have actual or constructive notice of the Court’s injunction, are enjoined from violating the Iowa Consumer Fraud Act, Iowa Code § 714.16; the Consumer Frauds Against Older Iowans law, Iowa Code § 714.16A; and/or the Iowa Business Opportunity Promotions Law, Iowa Code Ch. 551A, and are further enjoined from engaging, directly or indirectly, in any of the acts and practices set forth in the lettered

subparagraphs below:

A. Having any ownership interest in an entity which markets business opportunities.

B. In connection with the marketing of any business opportunity, misleading consumers or potential consumers, through express or implied representations, or through omissions of material fact, regarding the education, achievements, income, assets, litigation history, employment history, business history, law enforcement history, background in general, and/or identity of any Defendant or any person or entity associated with any Defendant.

C. Without limiting paragraph A above, or any other provision herein, Defendants, and each of them, are further enjoined from failing to deliver written notification to the Consumer Protection Division of the Office of the Iowa Attorney General, delivered by certified mail, at least thirty (30) days prior to engaging directly or indirectly in any marketing of a business opportunity, such written notification to include the name, address and telephone number of the entity on behalf of which such defendant is engaged in such marketing, as well as a description of the business opportunity being marketed. In addition, each such defendant shall respond promptly, fully and truthfully to reasonable requests from Plaintiff for information relating to the marketing in question. If at the time this Consent Judgment is filed a defendant is engaged in activity that triggers the notification requirement of this paragraph, notification complying with this paragraph shall be delivered by such defendant within fifteen (15) days of the filing of the Consent Judgment.

D. In connection with the marketing of any merchandise, failing to have adequate substantiation for performance claims at the time such claims are made.

E. Defendants, and each of them, are further enjoined from failing to respond promptly, fully and truthfully to reasonable requests from Plaintiff for information intended to provide

assurance that Defendants are complying with the injunctive provisions of this Order and Iowa law.

Without limiting any other consumer protection contained in this Consent Judgment, and to the extent not prohibited by law, Defendants are not restrained: from making refunds of payments made in connection with the acquisition or pursuit of a Business Opportunity; from following through on commitments to, or otherwise providing assistance to, persons who have acquired a Business Opportunity from one or more Defendants, to the extent that any such commitments and/or assistance do not involve any post-judgment transfer of anything of value from such persons to one or more Defendants; or from performing cost reduction/expense recovery services for other businesses under agreements that clearly set forth the services to be provided, and the amount, manner, and schedule of payments for such services, as long as such services involve no advance payment by the businesses receiving such services.

IT IS FURTHER ORDERED that, in addition to whatever other legal remedies may be available, a violation of this Consent Judgment constitutes a violation of the Iowa Consumer Fraud Act, Iowa Code § 714.16, and each violation by a Defendant of this Consent Judgment, in a Consumer Fraud Act action by the Attorney General that establishes such violation by a preponderance of the evidence, gives rise to a presumption that a civil penalty shall be imposed in the highest amount provided for by Iowa Code § 714.16 (7), namely \$40,000.00.

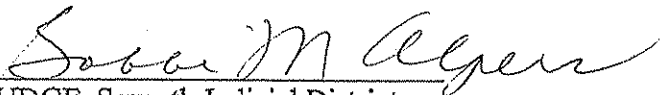
IT IS FURTHER ORDERED pursuant to Iowa Code § 714.16(7) that Defendants pay to the Attorney General the sum of \$2,000.00, within three (3) days of entry of this Consent Judgment, to be deposited by the Attorney General in the fund referenced in Iowa Code §714.16C.

IT IS FURTHER ORDERED pursuant to Iowa Code § 714.16(7) that Plaintiff's agreement to, and this Court's entry of, this Consent Judgment are expressly premised upon the truthfulness, accuracy, and completeness of the financial information provided to Plaintiff by Defendants, which contain material information upon which Plaintiff relied in negotiating and agreeing to the terms of this Consent Judgment. If, upon motion by Plaintiff, this Court finds that in providing such financial information any Defendant failed to disclose any material asset or income source, or materially misstated the value or extent of any asset or income source, or made any other material misstatement or omission, then judgment in the amount of \$320,000.00 shall be entered for Plaintiff against such Defendant(s) (jointly and severally if this provision is applied to more than one defendant). For the purposes of proceedings for entry of the money judgment provided for in this paragraph, each Defendant waives any right to contest any of the allegations set forth in the Petition. Any proceeding under this paragraph is in addition to, and not in lieu of, any other legal proceeding or remedy provided by law, including any other proceedings that Plaintiff may initiate to enforce this Consent Judgment. Any monetary judgment awarded under this paragraph may be used by Plaintiff to make restitution to consumers suffering losses as a result of any activity described in the Petition, and/or for other lawful purposes including deposit into the fund referenced in Iowa Code §714.16C.

IT IS FURTHER ORDERED pursuant to Iowa Code § 714.16(7) the signature of each Defendant below constitutes a waiver of service upon that Defendant of this Consent Judgment, and all injunctive provisions and other provisions of this Consent Judgment shall have immediate force and effect upon filing.

IT IS FURTHER ORDERED that the Court retain jurisdiction for purposes of enforcing this Consent Judgment.

IT IS FURTHER ORDERED that Defendants pay the court costs herein.


JUDGE, Seventh Judicial District

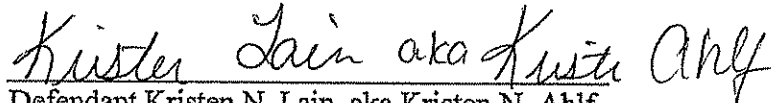
BOBBI M. ALPERS

Approved:

dated: 3/31/09


Defendant Johnathan C. Ahlf

dated: 3/31/09


Defendant Kristen N. Lain, aka Kristen N. Ahlf

dated: 3/31/09


For Defendant Profit Alliance, Inc.

dated: 4/7/09


Kevin Halligan, Attorney for all Defendants

dated: 4/14/09


Steve St. Clair, Assistant Attorney General