

[C.I.D. issued 4-23-04]

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| IN RE THE MATTER OF: |) | |
| WALTER KARL, INC. and |) | CIVIL INVESTIGATIVE DEMAND |
| WALTER KARL INTERACTIVE, |) | |
| |) | AND |
| Respondents. |) | |
| |) | NOTICE OF INTENT TO PROCEED |

DIRECTED TO: WALTER KARL, INC. and WALTER KARL INTERACTIVE

The State of Iowa ex rel. Thomas J. Miller, Attorney General of Iowa, through Assistant Attorney General Steve St. Clair, pursuant to the provisions of Iowa Code § 714.16 (2003), commonly known as the Iowa Consumer Fraud Act, directs you to the following Civil Investigative Demand and Notice of Intent to Proceed (hereinafter "CID") pursuant to the authority of the Act.

In connection with this office's investigation, evidence has been obtained sufficient to make it appear that the business practices engaged in by you may have been in violation of the Iowa Consumer Fraud Act. Since it appears to the Office of the Attorney General of Iowa that it would be in the public interest to further investigate such practices, this CID is being served upon you pursuant to Iowa Code § 714.16(3)-(6).

The Attorney General has reason to believe that Respondents may be obtaining and selling lists of previous fraud victims to third parties who may be taking unlawful advantage of those victims' susceptibility to being defrauded. It appears to the Attorney General that some of the lists offered for sale by Respondents may be lists of consumers – including Iowa consumers – whose vulnerability to unfair or deceptive schemes has been established by their responses to previous solicitations of a misleading nature; who may already have suffered losses