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JEFFREY E. BRUNTON #2833
Office of Consumer Protector
235 South Beretania Street, Room 801
Honolulu, Hawaii 96813-2437
Telephone: 586-2636

R. HIGA
CLERK

Attorney for Plaintiff

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

STATE OF HAWAII, by the Executive
Director of the Office of Consumer
Protection

Plaintiff,

vs.

RUDY G. MARN; AMERICAN STATE
UNIVERSITY, a Hawaii non-profit
corporation aka ASU and dba HIGHER
EDUCATION RESEARCH INSTITUTE
aka HERI, a Hawaii non-profit
corporation; JOHN DOES 1-20;
DOE CORPORATIONS 1-10, and DOE
ENTITIES 1-10,

Defendants.

CIVIL NO. 97-4471-10
(Other Civil Action)

STIPULATED PERMANENT
INJUNCTION AND FINAL JUDGMENT
AGAINST DEFENDANT AMERICAN
STATE UNIVERSITY AKA ASU AND
DBA HIGHER EDUCATION
RESEARCH INSTITUTE AKA HERI

TRIAL DATE: MARCH 1, 1999
SCF JUDGE: NONE

STIPULATED PERMANENT INJUNCTION AND FINAL JUDGMENT
AGAINST DEFENDANT AMERICAN STATE UNIVERSITY AKA ASU
AND DBA HIGHER EDUCATION RESEARCH INSTITUTE AKA HERI

Plaintiff and Defendant American State University aka ASU and dba
Higher Education Research Institute aka HERI ("Defendant") hereby stipulate and
agree to the entry of this Stipulated Permanent Injunction And Final Judgment Against

Defendant American State University aka ASU and dba Higher Education Research Institute aka HERI as follows:

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This court has jurisdiction over this matter and the Defendant hereto pursuant to Hawaii Rev. Stat. Chapters 446E, 480, 487 and 603 and venue is proper herein.
2. Unless otherwise specified herein, this stipulated judgment shall take effect on its filing with the court. The receipt or deposit by the Office of Consumer Protection of any monies pursuant to this stipulated judgment does not constitute acceptance by the Office of Consumer Protection and any monies received will be returned if this stipulated judgment is not executed by the Office of Consumer Protection or the court.
3. This stipulated judgment shall apply to the Defendant, its agents, employees, successors and assigns.
4. Defendant shall be responsible for making the substantive terms and conditions of this stipulated judgment known to its officers, directors, successors, managers, employees and those persons associated with Defendant who are responsible for implementing the obligations set forth in this stipulated judgment.
5. Defendant, its officers, agents, servants, employees, and those persons in active concert or participation with it who receive actual notice of this order by personal service or otherwise, are hereby restrained and enjoined from failing to comply with the requirements set forth herein.
6. Plaintiff's Complaint states claims against the Defendant upon

which relief may be granted under Hawaii Rev. Stat. §§ 446E-2, 480-2(a) and 481A-3.

7. Defendant shall, with respect to any and all future business activities in the State of Hawaii, comply with Chapters 446E, 480 and 481A of the Hawaii Revised Statutes and, in particular, Defendant shall be and hereby is permanently enjoined:

A. From making any representations to the effect that it is "officially registered with the State of Hawaii" or "state-chartered."

"Representation" includes any oral, written, pictorial, or graphic communication, by any medium, made by, at the request of, or with the consent of the Defendants;

B. From making any representations to the effect that it is "accredited", "self-accredited," "internally accredited" or accredited by "IAS Accredited Worldwide";

C. Under no circumstances shall this document or the name of State of Hawaii, the Office of Consumer Protection, Department of Commerce and Consumer Affairs or any of its employees or subdivisions be used by Defendant in connection with any selling, advertising or promotion of any product or service. The parties understand that this document shall not be construed as an approval or sanction by the State of Hawaii of Defendant's business practices. Nothing in this document shall be construed to permit or make lawful any act, practice, or course of conduct prohibited or made unlawful by Hawaii Rev. Stat Chap. 446E, 480 or 481A.

D. Defendant be and hereby is required in all catalogs, promotional material and contracts for instruction, including all advertisements and internet websites, to state clearly and conspicuously the disclosure requirement contained in Hawaii Rev. Stat. § 446E-2. "Advertisement" means any oral, written, or graphic statement or representation made by, at the request of, or with the consent of the Defendants;

E. Defendant shall not effect any change in the form of doing business or organizational identity for the purposes of avoiding the terms and conditions in this stipulated judgment;

F. To promptly provide to the Office of Consumer Protection upon its request proof of any action(s) required to be taken by the Defendant pursuant to the terms of this stipulated judgment.

8. Defendant shall be and hereby is obligated to pay the sum of Thirty Six Thousand Dollars (36,000.00) to the Office of Consumer Protection, State of Hawaii for civil penalties, attorneys' fees and costs of investigation pursuant to Hawaii Rev. Stat. 480-3.1. Payments shall be made in the form of cashier's checks made payable to the "State of Hawaii." The payment shall be made in three installments of Twelve Thousand Dollars (\$12,000.00) each, the first installment to be made upon the filing of this stipulated judgment with the court; the second installment to be made within ninety (90) days of the first installment; and, the third and final installment to be made within one hundred eighty days (180) of filing. In the event Defendant fails to make timely payments as required herein, Defendant shall be liable for an additional Five Thousand

Dollars (\$5,000.00) in civil penalties payable immediately upon demand by Plaintiff.

Defendant hereby agrees that it shall, in addition to all other payments required by and in this stipulation, pay Plaintiff fifty per cent (50%) of any monies which it receives, or which it would be entitled to receive, from any third parties, based upon claims made arising out of the matters set forth in the complaint and any amendments thereto. This would include, but not be limited to, any monies received from any insurance carriers or professionals rendering legal advice. Any such payments shall be made promptly upon the receipt of said monies by Defendant.

9. Complaints made by any consumer for refunds shall be handled by the Plaintiff. All refunds shall be conditioned upon: (a) the execution of an affidavit by the consumer stating under oath that the consumer believed that the Defendant was accredited by an agency recognized by the U.S. Dept. of Education or was a state-chartered, regulated or licensed educational institution approved by the State of Hawaii and (b) the return of the diploma and all transcripts, as well as any copies thereof. The refund shall be made by Defendant to the consumer within fourteen days of receipt of the executed affidavit, diploma, transcripts and copies. Defendant shall provide a full refund to any consumer as set forth herein. The refund period shall last for not more than six months from the date of filing of the stipulated judgment against Defendant.

10. This court shall retain jurisdiction of this case for the purpose of enabling any of the parties to this stipulation to apply to this court at anytime for further orders and directions as may be necessary or appropriate to carry out or construe this stipulation, to modify or terminate any of its provisions, to enforce compliance, and to punish violations of its provisions. In the event that a refund is not made as required,

Defendant shall pay to Plaintiff the additional sum of Five Hundred Dollars (\$500.00) for each consumer who should have but did not receive a refund. If it shall be made to appear to the court that there has been a violation of any of the terms of this stipulation, upon motion, this court may enter an order to show cause why Defendant should not be found in contempt. Nothing in this document shall bar Plaintiff from seeking, or the court from imposing, against Defendant or any other person any other relief available under any other applicable provision of law for violation of this document, in addition to or in lieu of the civil penalties provided for above.

11. All payments required under this stipulated judgment shall be made by cashier's checks. Payments of civil penalties shall be payable to the Plaintiff. Payment of refunds shall be payable to the consumer involved but delivered to the Plaintiff for forwarding to the consumer.

12. All claims remain against all other defendants other than Defendant American State University aka ASU and dba Higher Education Research Institute aka HERI.

13. Pursuant to Hawaii R. Civ. P. 54(b), there is no just reason for delaying entry of this stipulated judgment. This judgment does not dispose of all claims or all parties as set forth in more detail in paragraph 10 above.

DATED: Honolulu, Hawaii, JUN 10 1998

CARLO NAACIO

JUDGE OF THE ABOVE ENTITLED COURT

AGREED AND SO STIPULATED:

**American State University aka
ASU and dba Higher Education
Research Institute aka HERI**

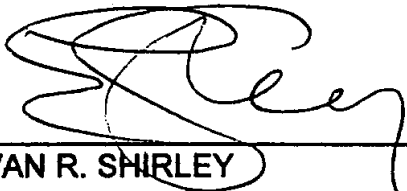


**By: Rudy G. Marn
Its: President**

**AGREED AND APPROVED AS
TO FORM AND CONTENT:**



**JEFFREY E. BRUNTON
Attorney for Plaintiff**



**EVAN R. SHIRLEY
Attorney for Defendant American
State University aka ASU and
dba Higher Education Research
Institute aka HERI**