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7

8 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

9 **IN AND FOR THE COUNTY OF MARICOPA**

10 STATE OF ARIZONA, *ex rel.* TERRY
11 GODDARD, Attorney General,

12 Plaintiff,

13 -vs-

14 SUN WEST VIDEO, INC., an Arizona
Corporation, D/B/A/ GREAT
15 EXPECTATIONS FOR SINGLES; JOHN R.
MERIGGI and JANE DOE MERIGGI,
16 husband and wife; MICHAEL BUHLER and
KIMI BUHLER, husband and wife; and
17 GERI SCHENCKER and PAUL
SCHENCKER, wife and husband,

18 Defendants

Case No: CV2008-014286

CONSENT JUDGMENT

(Assigned to Hon. J. Kenneth Mangum)

19 The State of Arizona, having filed a complaint alleging violations of the Dating Referral
20 Services Act, Arizona Revised Statutes ("A.R.S.") § 44-7151 *et seq.* and the Arizona Consumer
21 Fraud Act, A.R.S. § 44-1521 *et seq.*, and the Defendants, Sun West Video, Inc., d/b/a/ Great
22 Expectations for Singles ("Sun West Video"), John R. Meriggi, Jane Doe Meriggi, Michael
23 Buhler, Kimi Buhler, Geri Schencker and Paul Schencker having been served with a copy of the
24 complaint, having been fully advised of the right to a trial in this matter and, after receiving
25 advice of counsel, having waived the same; admit that this Court has jurisdiction over the
26 subject matter and the parties for purposes of entry of this Consent Judgment and acknowledge

1 that this Court retains jurisdiction for the purpose of enforcing this Consent Judgment.

2 The Defendants have agreed to a voluntary compromise of disputed claims, and the State
3 of Arizona and the Defendants have agreed on a basis for the settlement of these matters in
4 dispute.

5 The Defendants deny the State's claims in its complaint that any of them violated the
6 Dating Referral Services Act or the Arizona Consumer Fraud Act. This Consent Judgment does
7 not constitute an admission by any of the Defendants for any purpose of any violation of any
8 state law, rule or regulation nor does this Consent Judgment constitute evidence of any liability
9 of the Defendants. This Consent Judgment is made without trial or adjudication of any issues of
10 fact or law or finding of liability of any kind.

11 **PARTIES**

12 1. The Plaintiff is the State of Arizona, ex rel. Terry Goddard, Attorney General, who
13 is authorized to bring this action under the Dating Referral Services Act, A.R.S. § 44-7151 *et*
14 *seq.* and the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*

15 2. Defendant Sun West Video, Inc., d/b/a/ Great Expectations for Singles, is an
16 Arizona corporation doing business in Maricopa County, Arizona as a dating referral service.

17 3. Defendant John R. Meriggi is the President and sole shareholder of Sun West
18 Video, Inc. and is married to Cheryl Meriggi.

19 4. Defendant Michael Buhler is the Director of Great Expectations for Singles
20 ("Great Expectations") and is married to Kimi Buhler.

21 5. Defendant Geri Schencker is a membership representative for Great Expectations
22 and is married to Paul Schencker.

23 **ORDER**

24 6. This Order applies to Sun West Video, Inc., any entity controlled by Sun West
25 Video, any successor entity or entities, whether by acquisition, merger or otherwise, to the
26 extent they are operating a dating referral service in Arizona, and to its current and future

1 principals, officers and directors, assigns and successors, managerial or supervisory employees,
2 and to any other employees or agents having responsibilities with respect to the subject matter of
3 this Order, but not in any individual capacity.

4 7. Sun West Video shall comply with the Dating Referral Services Act, A.R.S. § 44-
5 7151 *et seq.* and the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*, as they are
6 currently written, and as they may be amended.

7 8. Sun West Video shall not make any representations regarding the number of
8 members in its local database or other Great Expectations' database unless such representation
9 can be substantiated with recent, reliable evidence and Sun West Video clarifies whether the
10 represented number reflects active or inactive members.

11 9. Sun West Video shall not make any representations regarding the number of
12 members in its local database or other Great Expectations' database who belong to a particular
13 age, gender or other distinct category, unless such representation can be substantiated with
14 recent, reliable evidence and Sun West Video clarifies whether the represented number
15 represents active or inactive members.

16 10. Sun West Video shall not use photographs, videos, or descriptions of persons in its
17 meetings with prospective members that Sun West Video represents to depict or describe one of
18 its members, unless the person depicted is an active member of Great Expectations' database, as
19 confirmed by Sun West Video's staff as part of a bi-monthly status check of its members. Sun
20 West Video shall disclose to prospective members to whom it presents a photograph, video or
21 description, as referenced above, that the member depicted was verified as an active member of
22 the Arizona Great Expectations' database as part of a bi-monthly status check, but that Sun West
23 Video cannot guarantee that the depicted member is then or will continue to be on active status.

24 11. Sun West Video shall not make any representations regarding the number of
25 marriages that occur as a result of its services unless such representation can be substantiated
26 with recent, reliable evidence and it clarifies whether the representation applies only to its own

1 members or nationally, to members of other dating services using the "Great Expectations"
2 name or trademark.

3 12. Sun West Video shall not include in any membership agreement a provision that
4 extends the initial term of services to be rendered under the agreement to more than one year
5 after the effective date of the agreement; however, at the end of the contract period, Sun West
6 Video may give the member the option to renew the contract for one year. Any "freeze periods"
7 included in a membership, *i.e.*, a period of time when no services are rendered to the member
8 because he or she goes on inactive status, shall not be considered part of the one year initial term
9 of services for purposes of calculating the beginning and end dates of a membership. Nothing
10 herein shall prevent Sun West Video and a member from entering into a new membership
11 agreement once a previous membership agreement between the parties has expired.

12 13. Sun West Video shall not represent to consumers that its salespersons do not earn
13 commissions from its services, unless such representation is accurate.

14 14. Sun West Video shall instruct all of its employees or agents that when a member
15 telephones or personally visits the Great Expectations facility and expresses a desire to cancel
16 their agreement, that the member shall be directed to the Director, Assistant Director, Acting
17 Director or a sales staff representative who shall then advise the member of their three day right
18 to rescind their agreement and that such rescission must be in writing, delivered in person or via
19 certified mail to Great Expectation's office within three business days of signing their
20 agreement, excluding Sundays and legal holidays. Sun West Video shall prepare and provide
21 written instructions to all employees and agents consistent with the requirements of this
22 paragraph.

23 15. Sun West Video may retain that portion of its current membership agreement that
24 provides there are no refunds except as provided under Arizona law. Sun West Video shall also
25 include in its membership agreements a separate paragraph, in at least the same size font as the
26 surrounding paragraphs, that states completely and verbatim the language in A.R.S. § 44-7153

1 regarding the right to rescind a dating referral services contract and that requires the member's
2 acknowledgment by his or her placement of initials immediately next to the paragraph.

3 16. Sun West Video shall not accept a deposit, or represent that any deposit made by a
4 consumer toward the price of a membership program is refundable, without concurrently
5 disclosing in writing that the deposit is refundable only within three business days of signing the
6 agreement, and only if the consumer delivers written notice of his or her desire to cancel the
7 agreement in person or by certified mail to Great Expectations' office, and that if no such
8 written notice is given, the consumer will be responsible for the full amount of the program and
9 services indicated on his or her agreement.

10 17. Sun West Video shall not contact a consumer's credit card company for the
11 purpose of requesting an extension of credit on behalf of the consumer, or to assist the consumer
12 in obtaining an extension of credit.

13 18. Sun West Video shall not access or obtain a prospective member's credit report,
14 credit score, or any other information from a third party that relates to a prospective member's
15 credit history, without first obtaining written authorization from the prospective member that
16 clearly and conspicuously states that the prospective member is authorizing Sun West Video to
17 obtain his or her credit report. The written authorization required herein shall be provided on a
18 separate document, or in a separate paragraph on Great Expectations' Preliminary Screening
19 Questionnaire, that is clearly identified as being for the sole purpose of providing authorization
20 to Sun West Video to obtain the consumer's credit information.

21 19. Within thirty (30) days from the date this Consent Judgment is approved by the
22 court, Sun West Video shall contact in writing credit reporting agencies Equifax, Experian and
23 TransUnion, and request that any prior negative reports of a consumer entitled to restitution
24 pursuant to paragraph twenty-six herein, that relate to the consumer's agreement with Sun West
25 Video, be deleted. Nothing contained herein shall be construed to require or impose upon Sun
26 West Video a duty or obligation to guarantee that the aforementioned credit reporting agencies

1 will modify or delete any negative reports that currently exist. Sun West Video shall provide
2 copies of all such requests to the Attorney General within sixty (60) days from the date the court
3 approves this Consent Judgment. The Attorney General shall provide Sun West Video with a list
4 of the consumers entitled to restitution pursuant to paragraph twenty-six herein, concurrently
5 with the filing of this Consent Judgment.

6 20. Within thirty (30) days from the date this Consent Judgment is approved by the
7 court, Sun West Video shall contact in writing any third party to whom it assigned its rights
8 under any membership agreement involving a consumer entitled to restitution pursuant to
9 paragraph twenty-six herein, advising the third party that the consumer's obligations under the
10 membership agreement have been discharged and that any collection efforts should cease and
11 notification to the major credit reporting agencies be given. Sun West Video shall provide
12 copies of all such notifications to the Attorney General within sixty (60) days from the date the
13 court approves this Consent Judgment.

14 21. Sun West Video shall clearly and conspicuously state all material terms regarding
15 the cost and specific features of the services each member purchases in that member's
16 agreement. Sun West Video shall also clearly and conspicuously specify in each membership
17 agreement that certain "add on" features, such as GE Online access, photograph packages and
18 member events, are not included in the basic membership package and have an additional cost.
19 Sun West Video shall not verbally represent to consumers that any "add on" features are
20 included in their basic membership package unless the consumer will not be required to pay an
21 additional amount for such features.

22 22. Sun West Video shall clearly and conspicuously state in each member's
23 agreement, or a written addendum thereto, that the member may access the member database
24 only upon completion of the member's photograph and video session. A member's status as
25 "active" will not begin until they have access to the member database.

26 23. Sun West Video shall not represent that a member can access the services he or

1 she signed up for immediately upon or shortly after signing their agreement (or words of similar
2 effect) unless the member can view Great Expectations' member database and have his or her
3 profile posted on the database within twenty-four (24) hours of the member signing his or her
4 agreement.

5 24. Sun West Video shall provide members whose membership agreements include
6 photographs with photographs that are of the same quality as those that Sun West Video
7 produces in its packages for which members are charged an additional cost, not accounting for
8 minor touch-ups that may be made to such additional pictures.

9 25. Within ten (10) days of the court's approval of this Consent Judgment, Sun West
10 Video shall prepare a summary of the injunctive terms of this Order for all persons employed by
11 or contracting with Sun West Video who will be responsible for complying with the Order.
12 Within thirty (30) days of the court's approval of this Consent Judgment, Sun West Video shall
13 provide a copy of the summary described herein to the Attorney General.

14 26. Sun West Video shall pay the Attorney General's Office two hundred fifty
15 thousand dollars (\$250,000) as restitution, to be distributed to those consumers who filed
16 complaints with the Arizona Attorney General's as of the date this Consent Judgment is filed
17 with the court for its approval and who are otherwise entitled to restitution. In the event that the
18 amount of restitution ordered herein is not sufficient to fully restore the amounts paid to Sun
19 West Video or owed to a third party assignee by the above-identified consumers, the amount
20 shall be distributed to them on a *pro rata* basis. In the event that any portion of the restitution
21 ordered herein cannot be distributed to eligible consumers, or exceeds the amount of monies
22 paid or owed to Sun West Video by eligible consumers as defined herein, the excess amount
23 shall to be used for consumer fraud education and for investigative and enforcement operations
24 of the consumer protection division in accordance with A.R.S. § 44-1531.01(C). The restitution
25 payment required herein shall be due within thirty (30) days of the court's approval of this
26 Consent Judgment in the form of a cashier's check made payable to the Arizona Attorney

1 General's Office.

2 27. Prior to distributing restitution to an eligible consumer as described in paragraph
3 twenty-six, the Attorney General's Office shall obtain the consumer's written agreement to
4 rescind his or her membership in Great Expectations. Upon receipt from the consumer, the
5 Attorney General shall forward a copy of the consumer's rescission agreement to Sun West
6 Video who shall, within ten (10) days after receiving said notice, remove the consumer's
7 photographs, videotape, and any other descriptive or identifying information about the consumer
8 from its member database.

9 28. Without admitting any liability and solely to resolve this matter without the fees,
10 expenses, and risks of any litigation, Sun West Video shall pay the Attorney General's Office
11 two hundred and fifty thousand dollars (\$250,000) as penalties pursuant to A.R.S. § 44-1531, to
12 be used for consumer fraud education and for investigative and enforcement operations of the
13 consumer protection division in accordance with A.R.S. § 44-1531.01(C). The penalty amount
14 ordered herein shall be due within thirty (30) days of the court's approval of this Consent
15 Judgment in the form of a cashier's check made payable to the Arizona Attorney General's
16 Office.

17 29. Without admitting any liability and solely to resolve this matter without the fees,
18 expenses, and risks of any litigation, Sun West Video shall pay to the Attorney General's Office
19 twenty-five thousand dollars (\$25,000) as investigative costs and attorneys fees pursuant to
20 A.R.S. § 44-1534, to be used for consumer fraud education and for investigative and
21 enforcement operations of the consumer protection division in accordance with A.R.S. § 44-
22 1531.01(C). The fees and costs payment required herein shall be due within thirty (30) days of
23 the court's approval of this Consent Judgment in the form of a cashier's check made payable to
24 the Arizona Attorney General's Office.

25 30. In the event of a default of any payment obligation imposed by this Consent
26 Judgment, and in addition to any other relief or remedy elected or pursued by the State, all

1 payments set forth herein shall be accelerated and shall become due and owing in their entirety
2 as of the date of the default, with interest accruing at the statutory rate for the full amount owing
3 as of that date.

4 31. The Defendants shall not represent or imply that the Attorney General, the State of
5 Arizona, or any agency thereof has approved any of their actions in Arizona or has approved any
6 of its past, present or future business practices in Arizona, and Sun West Video is enjoined from
7 directly or indirectly representing anything to the contrary.

8 32. This Court retains jurisdiction of this matter for the purposes of entertaining an
9 application by Plaintiff, State of Arizona, for the enforcement of this judgment.

10 33. This Consent Judgment may be modified or vacated by order of this Court. After
11 providing at least thirty (30) days written notice and after making a good faith effort to obtain
12 concurrence of the other party for the requested order to modify or vacate, which concurrence
13 shall not be unreasonably withheld, the party seeking an order to modify or vacate may petition
14 this Court therefore. The Court will modify or vacate this Consent Judgment upon a showing of
15 good cause.

16 34. Before initiating any proceeding to enforce this Consent Judgment, the Attorney
17 General shall provide at least thirty (30) days' written notice to Sun West Video of its intent to
18 initiate such proceedings, and shall give Sun West Video a reasonable opportunity to cure any
19 alleged violation. Whenever possible, the parties shall seek to resolve an alleged violation of this
20 Consent Judgment by discussion. In addition, in determining whether to enforce this Consent
21 Judgment or to seek an order for monetary, civil contempt, or any other relief or sanction, the
22 Attorney General shall give good faith consideration to whether Sun West Video has taken
23 corrective action designed to cause the claimed violation to be cured and to prevent future
24 occurrences.

25 35. The State acknowledges by its execution hereof that this Consent Judgment
26 constitutes a complete settlement of its allegations against Sun West Video, Inc., its employees

1 or agents, John R. Meriggi, Cheryl Meriggi, Michael Buhler, Kimi Buhler, Geri Schencker and
2 Paul Schencker, and it agrees that it shall not institute any additional civil action against any of
3 the aforementioned based on their alleged violations of the Dating Referral Services Act or the
4 Arizona Consumer Fraud Act, as described in the State's Complaint.

5 36. Notwithstanding the foregoing, the State may institute an action or proceeding to
6 enforce the terms and provisions of this Consent Judgment or to take action based on future
7 conduct by Sun West Video, Inc., John R. Meriggi, Michael Buhler or Geri Schencker.

8 37. This Consent Judgment is entered as a result of a compromise and a settlement
9 agreement between the parties. Only the parties to this action may seek enforcement of this
10 Consent Judgment. Nothing herein is intended to create a private right of action by other
11 parties.

12 38. This Consent Judgment shall not limit the rights of any private party to pursue any
13 remedies allowed by law.

14 DATED this _____ day of _____, 2009.

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17 _____
18 Judge of the Superior Court
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CONSENT TO JUDGMENT

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2 1. Sun West Video, Inc., John R. Meriggi, Cheryl Meriggi, Michael Buhler, Kimi
3 Buhler, Geri Schencker and Paul Schencker state that no promise of any kind or nature
4 whatsoever was made to them to induce them to enter into this Consent Judgment and that they
5 have entered into the Consent Judgment voluntarily.

6 2. Sun West Video, Inc., John R. Meriggi, Cheryl Meriggi, Michael Buhler, Kimi
7 Buhler, Geri Schencker and Paul Schencker have fully read and understood this Consent
8 Judgment, understand the legal consequences involved in signing it, assert that this is the entire
9 agreement of the parties, and that there are no other representations or agreements not stated in
10 writing herein, and no force, threats, or coercion of any kind have been used to obtain their
11 signatures.

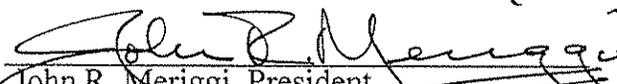
12 3. Sun West Video, Inc., John R. Meriggi, Cheryl Meriggi, Michael Buhler, Kimi
13 Buhler, Geri Schencker and Paul Schencker acknowledge that Plaintiff's, State of Arizona's,
14 acceptance of this Consent Judgment is solely for the purpose of settling this litigation and does
15 not preclude the Plaintiff, or any other agency or officer of this State, or subdivision thereof,
16 from instituting other civil or criminal proceedings as may be appropriate now or in the future.

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1 4. Sun West Video, Inc. represents and warrants that the person signing below on its
2 behalf is duly appointed and authorized to do so.

3 DATED this 20th day of February, 2009.

4 Sun West Video, Inc.

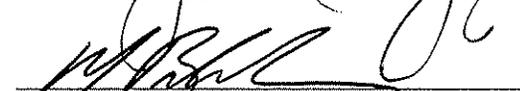
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6 By: 
John R. Meriggi, President

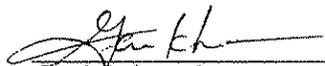
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8 
John R. Meriggi

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10 
Kimi Buhler

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12 
Paul Schencker


Cheryl Meriggi


Michael Buhler


Geri Schencker

13
14
15 APPROVED AS TO FORM AND CONTENT:

16 TERRY GODDARD
17 Attorney General

18
19 By: 
Cherie L. Howe
20 Assistant Attorney General
21 Counsel for Plaintiff

22
23
24
25
26 By: 
Bradley D. Gardner
Udal Shumway & Lyons
Counsel for Defendants