

Complaint

123 F.T.C.

IN THE MATTER OF

PRE-PAID LEGAL SERVICES, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3729. Complaint, April 4, 1997--Decision, April 4, 1997*

This consent order prohibits, among other things, an Oklahoma-based corporation from making certain false and misleading claims concerning the benefits and appropriateness of living trusts or any legal instrument or service it offers and requires the respondent to clearly and conspicuously disclose to consumers that such trusts may be legally challenged on similar grounds as wills, that living trusts may not be appropriate in all instances, and that the transfer of an individual's assets into a living trust is not included in the price of creating the trust. In addition, the respondent must offer a \$165 refund to every purchaser of an American Association for Senior Citizens trust who hasn't already received a refund and who doesn't live in certain states that have already been offered partial refunds in connection with an earlier multi-state settlement.

*Appearances*For the Commission: *Elizabeth M. Palmquist.*For the respondent: *Margaret Feinstein, Dickstein, Shapiro,
Morin & Oshinsky, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that The Administrative Company, a corporation, Michael P. McIntyre, individually and as an officer and director of The Administrative Company, and Pre-Paid Legal Services, Inc. ("Pre-Paid"), a corporation (collectively, "respondents"), have violated the provisions of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent Michael P. McIntyre's current address is 4328 Hollow Oak, Dallas, Texas.

Respondent The Administrative Company has ceased doing business. Its address is the same as that of Michael P. McIntyre.

Respondent Pre-Paid Legal Services, Inc., is an Oklahoma corporation, with its principal office or place of business at 321 E. Main Street, Ada, Oklahoma.

PAR. 2. Respondents, at all times relevant to this complaint, have advertised, promoted, offered for sale, and sold living trusts to consumers. A living trust is a trust into which an individual can place all of his or her assets during his or her lifetime and, by transferring ownership of the assets to the name of the trust, thereby remove the assets from the individual's estate.

PAR. 3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

PAR. 4. In the course of marketing their products to the public, respondents, directly or through commissioned sales agents, have caused to be disseminated sales literature concerning living trusts, including, but not necessarily limited to, the attached Exhibits 1 and 2. This literature contains the following statements:

(a) It is your legal right as a UNITED STATES Tax Payer to establish a Living Trust. By establishing a Living Trust, at your death your estate avoids PROBATING YOUR WILL which can COST SEVERAL THOUSANDS of dollars in legal and executor fees and TAKE SEVERAL YEARS before being transferred to your family and loved ones. YOU RETAIN FULL CONTROL OF ALL ASSETS!

YOU COULD SAVE THOUSANDS OF HARD EARNED DOLLARS!

Exh. 1.

(b) A LIVING TRUST eliminates ALL PROBATE FEES and COST. . . . With a LIVING TRUST, your family will not have to go through probate, and can avoid paying expensive probate fees and costs. Exh. 2, p. 18.

(c) A LIVING TRUST allows a quick DISTRIBUTION to your heirs. Assets in probate court are often frozen two years or more, even with a WILL. A LIVING TRUST allows these same assets to be distributed within days to your loved ones, since a LIVING TRUST avoids Probate Court. Exh. 2, p. 17.

(d) Total assets [pass through a] living trust [to] spouse or heirs [in] 1-3 days. Exh. 2, p. 24.

(e) A LIVING TRUST prevents a WILL CONTEST. . . . Through a LIVING TRUST your wishes will be carried out without interference. Exh. 2, p. 17.

(f) Membership entitles you to:

1. FREE LEGAL SERVICES FOR PREPARATION OF A REVOCABLE LIVING TRUST BY A QUALIFIED ATTORNEY IN YOUR STATE AND A FREE "POUR-OVER" WILL. Exh. 2, p. 8.

(g) AN A-B LIVING TRUST protects against catastrophic MEDICAL COSTS. . . . With an A-B LIVING TRUST, if you become seriously ill, your trustee can make gifts of your property to your heirs, and three years thereafter, can seek government benefits for your care, so that the bulk of your estate will go to your heirs. Exh. 2, p. 19.

(h) Is There Anything Bad About a Living Trust? No. There is nothing bad about a Living Trust. Exh. 2, p. 20.

PAR. 5. Through the use of the statements contained in the sales literature referred to in paragraph four, including, but not necessarily limited to, the sales literature attached as Exhibits 1 and 2, respondents have represented, directly or by implication, that:

(a) The use of a living trust avoids all probate and administrative costs.

(b) At death, a living trust allows assets to be distributed immediately or almost immediately.

(c) A living trust cannot be challenged.

(d) Living trusts are prepared by local attorneys.

(e) A living trust protects against catastrophic medical costs.

(f) A living trust is the appropriate estate planning device for every consumer.

(g) There are no disadvantages to a living trust.

PAR. 6. In truth and in fact:

(a) A living trust does not always avoid probate and administrative costs.

(b) The use of a living trust does not necessarily result in immediate distribution of assets since creditors may file claims against the trust instrument.

(c) A living trust is not immune from challenge.

(d) Most living trusts prepared for AASC members were not prepared by local attorneys. Instead, of the 3,064 living trusts prepared for AASC members in 43 states, approximately 3,000 were prepared by an Arizona attorney licensed to practice law solely in Arizona and New York.

(e) A living trust does not protect against catastrophic medical costs.

(f) A living trust is not appropriate for everyone. The determination of whether a living trust is appropriate for a particular consumer requires an examination of the assets that compose the consumer's estate, the potential tax consequences of the estate plan, and the objectives of the consumer.

(g) There are disadvantages to a living trust. For example, while probate law imposes a statutory deadline beyond which creditors can

no longer file claims against a will, in some states, there is no law limiting the time that creditors may file claims against a trust instrument.

Therefore, the representations set forth in paragraph five were, and are, false and misleading.

PAR. 7. Through the use of the statements contained in the sales literature referred to in paragraph four, including, but not necessarily limited to, the sales literature attached as Exhibits 1 and 2, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph five, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 8. In truth and in fact, at the time they made the representations set forth in paragraph five, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph seven was, and is, false and misleading.

PAR. 9. In their advertising, promoting, offering for sale, and sale of living trusts, respondents have failed to disclose that the transfer of an individual's assets into the living trust was not included in the price paid for creating the living trust and that it would be the responsibility of the individual purchaser to transfer assets into the trust, once created, or to arrange for another individual or entity to do so. This fact would be material to consumers in deciding whether to purchase a living trust and from whom to purchase a living trust. The failure to disclose this fact was, and is, a deceptive act or practice.

PAR. 10. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

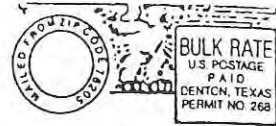
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EXHIBIT 1

A.A.S.C.
1155 15th Street N.W. Suite 810
Washington D.C. 20077-1637

MAR 25 1984



URGENT MESSAGE ENCLOSED

**OPEN
IMMEDIATELY!**

TO
▽

*****CAR-RT-SORT** CR-02
A37A 081 4812 S264 1549
541 VENTURA AVE
SAN MATEO CA 94403-3223

SPECIAL BULLETIN:

It is your legal right as a UNITED STATES Tax Payer to establish a Living Trust. By establishing a Living Trust, at your death your estate avoids PROBATING YOUR WILL which can COST SEVERAL THOUSANDS of dollars in legal and executor fees and TAKE SEVERAL YEARS before being transferred to your family and loved ones. YOU RETAIN FULL CONTROL OF ALL ASSETS!

**YOU COULD SAVE THOUSANDS
OF HARD EARNED DOLLARS!**

INFORMATION IS AVAILABLE ON HOW TO OBTAIN A FREE LIVING TRUST
Just fill out and return this postage paid card.

Name _____

Age: ☐ Male ☐ Female _____

County _____

Home Phone _____

Estate Plan No. _____

*****CAR-RT-SORT** CR-02
A37A 081 4812 S264 1549
541 VENTURA AVE
SAN MATEO CA 94403-3223

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EXHIBIT 2



**NATIONWIDE
NON-PROFIT
ORGANIZATION**

1155 15th Street, N.W.
Suite 810
Washington, D.C. 20005

1-800-880-1310

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EXHIBIT 2



Dear Member:

We welcome you to the wonderful world of meaningful benefits and services provided as part of your membership in THE AMERICAN ASSOCIATION FOR SENIOR CITIZENS.

As the senior officer of this non-profit Association, and one who is on the sunny side of sixty, I assure you I value my membership and enjoy the many benefits available to all of our members.

This Association was founded several years ago and entrusted with the responsibility of getting the message to people our age so that we can receive every benefit and advantage to make sure the dollars we have spent a lifetime earning and saving will pass on to our heirs as intact as Uncle Sam will allow.

With this responsibility as our driving force, our Association explored every conceivable avenue available before making the decision to educate our membership on the value and importance of REVOCABLE LIVING TRUSTS.

It is also important for you to know and understand what this Association is committed to in regard to a PRE-PAID LEGAL benefit that actually pays the legal fees for your REVOCABLE LIVING TRUST, and provides many other legal benefits. Look at the following pages to understand our commitment to you in this respect.

In addition, we have sought meaningful and worthwhile consumer benefits and services for our membership. We are sure you can recognize the value of these benefits for you and your family. We are happy you have joined our "YOUNG AT HEART" adult Association. A living trust is the most important gift you can give to your loved ones.

Also, a portion of American Association of Senior Citizens membership dues are used to support the research efforts of medical research facilities, and others, as they seek better treatment and cures relating to our senior citizens. AASC Medical Research Foundation's charter, as explained in the following section, is to continually stay abreast of current research efforts throughout the United States to determine who should receive financial support from the Foundation.

Please know we are here to make things a little better for you and all of our growing family of members. As soon as we receive your application I will see that your membership kit is forwarded to you.

Warmest personal regards,

Donald T. Berlinn
Executive Director

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EXHIBIT 2



**MEDICAL
RESEARCH
FOUNDATION**

EXHIBIT 2

As Directors on the Board of AASC Medical Research Foundation, we are charged with guiding the Foundation to fulfill its charter of supporting worthy medical research that relates to better health care for our senior citizens.

In many cases, this money has a direct impact on community awareness, education and health care delivery.

About our President . . .

Donovan F. Ward, M.D.

AASC Medical Research Foundation President.

Past President of the American Medical Association.

A Fellow of the American College of Surgeons.

President of the Fifty Year Club of American Medicine.

Member of the AMA's committees on Medical Practice and Public Relations.

Past President and National Director, American Health Care Advisory Foundation.



EXHIBIT 2

Our
other
Directors
are . . .



Robert P. Ewing, is past Chairman and President of Bankers Life and Casualty Company and is a Trustee of the MacArthur Foundation, a Director of Evanston Illinois Hospital and a former Director of the Health Insurance Association of America.



Howard E. Cartwright, of Chicago is past CEO of College of American Pathologists, past Director of College of American Pathologists Foundation and a member of American Association of Medical Society Executives.



Denis J. Fu, M.D., a practicing physician in Hawaii, has served as a medical consultant for various state and national development programs.



Joseph W. Lawrence, M.D., has a long and distinguished career in Public Health and is currently the Health Officer for Lee County, Florida, a position he has held since 1960.



Samuel R. Sherman, M.D., has a long list of accomplishments including: past President of the California Medical Association.



Alexander L. Sadowski, D.D.S., has accumulated over 1000 hours of continuing education, served on the New Mexico State Dental Association's Finance Committee and is both past president and secretary of the Southwest District Dental Society.



Donald T. Berlinn, has been Vice President of ITT Life Insurance Company Agency and President of Medical Air Services Association, the nation's first nationwide air ambulance service. Currently President of Affordable Dental Connection and Association Management Group and President of American Association for Senior Citizens.

All of our listed Directors are also members of the Advisory Board of American Association of Senior Citizens and advise the Association on developing new benefits or improving existing benefits for our senior citizens.

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EXHIBIT 2

Financial support is provided by the AASC Medical Research Foundation to the following and other research facilities:

- American Medical Association
- American Heart Association
- American Public Health Foundation
- Alzheimers Disease and Related Disorders Association
- California Medical Education and Research Foundation
- Leukemia Research Foundation
- Mt Sinai Foundation
- National Multiple Sclerosis Society
- National Kidney Foundation
- Regional Cancer Treatment Center — Iowa
- University of Iowa Dept. of Immunology
- University of San Francisco Cardiovascular Research

In addition, the Foundation has given grants to the following, and others:

ON LOK Senior Health Services	Cancer Research Foundation
Iowa Methodist Health Foundation	of North Texas
March of Dimes — Walk America	Allegheny-Singer Research Institute
University of Iowa College of Medicine	University of Florida — Oncology
San Antonio Area Lupus Foundation	St. Jude's Children's Hospital
Tulane University Medical Center,	Sloan-Kettering Cancer Center
Dept. of Pediatric-Cardiology	North California Transplant Bank
Cancer Counseling, Inc.	ALS & Neuromuscular Research
Tarrant County Cancer Care Services	Foundation
Cystic Fibrosis Foundation	Children's Hospital Medical Center
Univ. of Connecticut Health Center	Florida Geriatric Research
Jean Marie Colbert Bone Marrow	Foundation
Transplant Center	Regional Cancer Foundation
Children's Heart Foundation	Children's Memorial Foundation
Fred Hutchinson Cancer Research	Cancer Care Services
Center	

The AASC Medical Research Foundation was formerly known as the American Health Care Advisory Association Foundation, providing financial support to the above and other research facilities.

EXHIBIT 2

AASC

Provides
for its Members
the Benefits of
Pre-Paid Legal Services, Inc.®



A few of the most common personal worries and business activities needing an attorney's professional counsel and assistance include:

Threat of a Lawsuit
Debt Collection
Auto Transaction
Contractor Dispute
Trusts
Election
Criminal Threats

Adoption
Domestic Problems
Partnerships
Lease Changes
Motor Vehicle Accidents
Creditor Harassment
Bankruptcy

Consumer Fraud
Taxes
Forming a Corporation
Property Purchase
Manufacturer Problems

An American Stock
Exchange Company

Paid Over 80,000 Attorneys

Paid Over \$80,000,000 in Legal Fees

Over 5,000,000 Members Have Access
to Services Nationwide

EXHIBIT 2

 embership entitles you to:

- 1 FREE LEGAL SERVICES FOR PREPARATION OF A REVOCABLE LIVING TRUST BY A QUALIFIED ATTORNEY IN YOUR STATE AND A FREE "POUR-OVER" WILL (see following section)**
- 2 LEGAL SERVICES AT DEATH**
- 3 IN-OFFICE ATTORNEY CONSULTATION**
- 4 UNLIMITED TELEPHONE CONSULTATIONS WITH A PROVIDER ATTORNEY**
- 5 MOTOR VEHICLE LEGAL SERVICE**
- 6 TRIAL DEFENSE FUND**
- 7 IRS AUDIT PROTECTION**
- 8 LEGAL ASSISTANCE IN MANY CASES**

EXHIBIT 2

Unlimited Telephone Consultations:

- As a member of AASC, you may call the Pre-Paid Legal Toll-Free Number, 1-800-654-7757, from 8:30 a.m.-5:00 p.m. any business day. Pre-Paid Legal will direct you to your provider attorney for legal advice.
- You do not need to guess about your legal rights or spend hundreds of dollars for consultations with an attorney. In the privacy of your own home, you simply call the attorney and he will answer questions concerning ANY personal or legal matters.

The following are just a few examples of the types of questions you may need answered:

1. "I am 67 years old and collecting social security. Is it legal for me to claim a deduction for a dependent who earns an income?"
2. "My company is trying to force me into retirement by offering me an early retirement buyout. What are my rights?"
3. "It has been 12 weeks since I was in the hospital and my insurance company has still not paid the \$1,500 hospital bill. How long do they have to settle the claim?"
4. "My neighbor's teenage son, despite my requests to stop, continues to play loud music that keeps me awake at night. Is there anything I can do?"
5. "I had a contractor fix my roof, it still leaks and the contractor will not return my call. What can I do?"
6. "My husband is in a nursing home. I do not feel he is getting the proper care. Aren't there certain standards set by the state that nursing homes must follow? What are my husband's options?"
7. "I inherited some land in another state and I would like to lease it out. How do I do this?"

In addition to advising you of your rights, the attorney, if necessary, will personally call or send a letter to help resolve your problem.

EXHIBIT 2

Up to 50 Hours Legal Assistance at Death:

Everyone needs a lawyer upon the death of a family member for settlement of the estate and consultation with the surviving spouse or children:

- To finalize trust documents
- To resolve liens contesting the trust, including the IRS
- For out-of-state property settlements and property sales
- For deed transfers
- To resolve claims of creditors, including hospitals, funeral homes, etc.
- For protection against any person who attempts to challenge the estate

The settlement of an estate is a complicated and lengthy process. Qualified attorneys usually charge between \$175—\$300 per hour for their services. This translates into a cost of approximately \$8,750 — \$15,000 for 50 hours of legal assistance to settle an estate. **As a member of AASC, your membership entitles you to up to 50 hours of legal assistance, depending on your member classification.**

A True Story:

A Senior Citizen of Dixon, Illinois joined AASC in June of 1991. In July, 1991, he passed away. His children, rather than beginning the long and costly process of finding an attorney to probate his estate, simply called the AASC members' toll-free number. A Pre-Paid Legal attorney immediately began to settle the estate.

"My father only became a member six weeks ago but we feel so fortunate that he did. We immediately called a provider attorney and were so relieved to learn that we would have the legal work on my father's estate done immediately thanks to Pre-Paid Legal. The service is invaluable," said the daughter.

EXHIBIT 2

 n-Office Consultation:
ONE PER YEAR

AASC provides its members with a Living Trust. Each year it should be reviewed and updated with changes concerning:

- Any Legal Matter
- Investments
- Deeds
- Property and Real Estate
- Cars, Trucks and Equipment
- Bank Accounts
- C.D.'s

EXHIBIT 2

 **Motor Vehicle Legal Service
Expense Benefits:**

Nearly every American drives some form of motor vehicle every day. You are at risk, every time you get behind the wheel of your car.

AASC is proud to offer you a wide variety of coverage in the area of motor vehicles. Read below to discover the valuable benefits you will have after enrollment.

- **MINOR LEGAL EXPENSES:** If a licensed member, spouse, or any covered dependent, while driving any licensed motor vehicle, is accused of an alleged traffic violation, the Company pays your attorney fees, pursuant to the following schedule:

Up to \$75 for legal assistance regarding such charge; up to \$125 for legal assistance requiring court appearance; up to \$200 for legal assistance which includes trial work.
- **MAJOR LEGAL EXPENSES:** If a licensed member, spouse or any covered dependent, while driving any licensed motor vehicle, is accused of a criminal charge such as manslaughter, involuntary manslaughter, negligent homicide or vehicular homicide, the Company will pay your attorney fees based on a maximum hourly rate of \$100.
- **SUSPENDED DRIVER'S LICENSE:** The Company provides for professional assistance, and if necessary, maintenance of your driver's license. The Company will pay a reasonable attorney fee for the suspended driver's license services up to \$250 per occurrence to your attorney.
- **LEGAL COLLECTION SERVICE:** Should your licensed auto, private boat or motorcycle be damaged in an accident, the Company will assist you in collecting damages done to your vehicle. The Company provides legal assistance, win, lose, or draw, in collecting damages when your auto, private boat or motorcycle is involved in an accident, and will pay up to \$250 per occurrence to your attorney.
- **PERSONAL INJURY LEGAL EXPENSES:** The Company will pay your attorney fees, win, lose, or draw, up to \$250 per occurrence to collect or file for personal injuries of \$1000 or less received while driving, riding, or when struck as a pedestrian by any motor vehicle.

EXHIBIT 2

5,000 Trial Defense Fund:

All too often you read in the paper about someone being sued over what you would consider a trivial matter. . . It couldn't happen to you. But everyday, people just like you are sued by neighbors, friends, co-workers, even family. In this sue happy society, it is great to know that your AASC membership offers benefits to cover just that.

The Company will pay up to a maximum of \$5,000 in attorney fees the first membership year for either the member or member's spouse, if he or she is named Defendant or Respondent in a **covered civil or criminal action** in a court of law. **The criminal action must be one which arises out of the direct performance of the Covered Person's employment activities.** The trial defense fund benefit will even pay for the attorney even though your insurance company may have retained one for you, if the choice of attorney is not yours and you feel you need your own personal attorney.

BENEFITS TO BE PAID AS FOLLOWS:

Benefits are based on a maximum hourly rate of \$100 and are to be paid as follows:

Up to \$250 for any and all legal services rendered in defense of the covered lawsuit prior to the actual trial.

Up to \$300 per day for each actual day of trial, including covered criminal preliminary hearings not to exceed an annual aggregate trial defense fund of \$5,000 per membership.

Upon renewal of the membership the Covered Person will receive additional trial defense benefits at no additional cost to the member. The trial defense fund increases, as follows:

2nd Year Renewal The trial defense fund will be increased to an annual aggregate sum of \$10,000 per membership payable up to \$300 for any and all legal services rendered prior to trial and up to \$350 per day for each actual day of trial, including criminal preliminary hearings.

3rd Year Renewal The trial defense fund will be increased to an annual aggregate sum of \$15,000 per membership payable up to \$350 for any and all legal services rendered prior to trial and up to \$400 per day for each actual day of trial, including criminal preliminary hearings.

4th Year Renewal The trial defense fund will be increased to an annual aggregate sum of \$20,000 per membership payable up to \$400 for any and all legal services rendered prior to trial and up to \$450 per day for each actual day of trial, including criminal preliminary hearings.

5th Year Renewal The trial defense fund will be increased to an annual aggregate sum of \$25,000 per membership payable up to \$450 for any and all legal services rendered prior to trial and up to \$500 per day for each actual day of trial, including criminal preliminary hearings.

EXHIBIT 2

 IRS Audit Protection Service:

I.R.S. . . . The idea of an audit strikes fear in even the most careful tax payer. Why not enjoy the peace of mind that the AASC membership offers through the IRS Audit Protection Service? Here are the details.

The Company will pay up to a maximum of \$5,000 in professional fees for either the member, spouse, or dependent children, to the member's choice of any licensed public accountant, certified public accountant, enrolled agent or attorney or any combination thereof when a member is notified in writing by the Internal Revenue Service (IRS) of an audit of such member's tax return or such member is requested in writing to appear at the offices of the IRS concerning such member's tax return.

BENEFITS TO BE PAID AS FOLLOWS:

Up to \$100 for consultation, advice and/or assistance, upon receipt of written notice from the IRS that the member's tax return is being audited or such member is requested in writing to appear at the offices of the IRS concerning such member's tax return.

In the event settlement is not achieved with the IRS within thirty (30) days, then **up to \$250** beginning on the thirty-first (31) day to provide the member, spouse, or dependent children representation at the audit and at the audit and for negotiations, conferences, telephone conversations, settlement conferences, subsequent thereto, but prior to the institution of litigation.

In the event settlement is not achieved without litigation, then payment will be made up to the balance of \$5,000 in professional fees in either event of the IRS suing the member or the member paying the disputed tax and then suing the IRS. Such payment to be made at up to a rate of **\$300 per day** of each day of trial appearance.

Coverage begins with the return due on April 15 of the year this contract is effective.

EXHIBIT 2

Legal Assistance in Many Cases:

AASC membership provides legal assistance in many cases including the following . . .

PHONE CALLS AND LETTERS ON YOUR BEHALF

A letter or phone call from your Plan Attorney can get you the results you want fast and cut through the red tape. You and your Plan Attorney can now decide together when this is the best legal step for you. There is no charge for the first letter. **(Any further fees are to be set by the Plan Attorney and are the sole responsibility of the Named Member on the Contract.)**

REVIEW OF CONTRACTS AND DOCUMENTS

You can have an unlimited number of legal documents of up to three pages each reviewed by your Plan Attorney, free of charge. Your Plan Attorney will give you an analysis of the documents and suggest changes for your benefit or any other necessary procedures, before you sign!

LEGAL FORMS BENEFIT

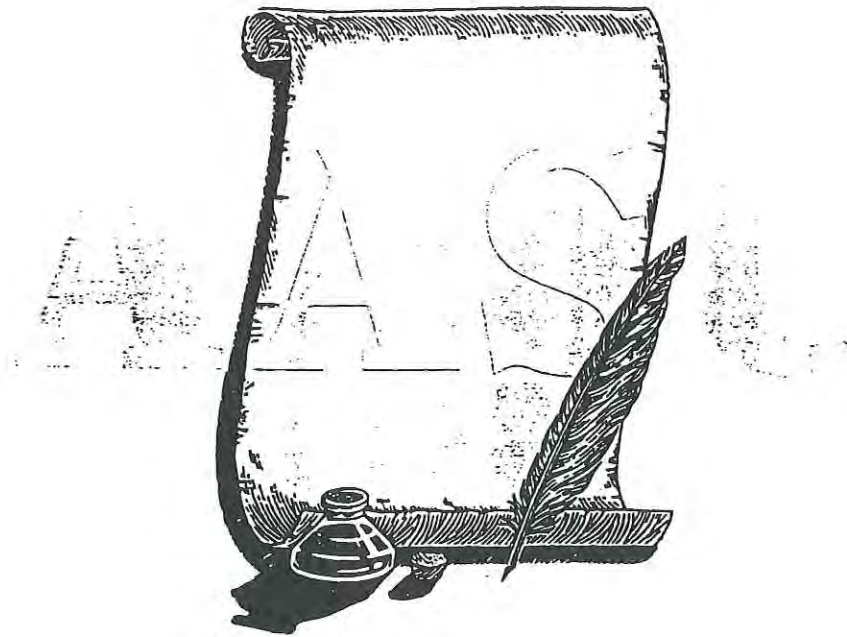
Imagine having access to the most often needed legal documents — just a phone call away!

The documents you need will be prepared for you at a greatly **reduced rate**, but don't worry, still with the same care and concern for your welfare. A list of legal forms available, along with the nominal charges, will be in your contract packet. Complete information about the forms you need can be obtained with just a phone call to your Plan Attorney.

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EXHIBIT 2



ALL ABOUT
A LIVING
TRUST

EXHIBIT 2

Advantages of a Living Trust

1 PROBATE:

A LIVING TRUST avoids a complex **PROBATE** proceeding. Probate is the court process designed to transfer title of assets to your heirs. A Probate is required even when there is a WILL. The Probate Court procedure is complicated by laws requiring your Executor to obtain special court approval to take any actions, including paying your bills, and distributing your assets.

With a LIVING TRUST, the title to property is transferred through the trust, so that your heirs can easily receive these assets, and will not have to go through complex Probate Court proceedings.

2 DISTRIBUTION:

A LIVING TRUST allows a quick DISTRIBUTION to your heirs. Assets in probate court are often frozen two years or more, even with a WILL.

A LIVING TRUST allows these same assets to be distributed within days to your loved ones, since a LIVING TRUST avoids Probate Court.

3 PRIVACY:

A LIVING TRUST is completely PRIVATE. There is no privacy with a public Probate Court Proceeding.

A LIVING TRUST is a private document, the size and distribution of your estate remains confidential.

4 WILL CONTEST:

A LIVING TRUST prevents a WILL CONTEST. In Probate Court, anyone can easily contest a WILL, even without a lawyer.

Through a LIVING TRUST your wishes will be carried out without interference.

5 CONTROL:

A LIVING TRUST enables you to CONTROL your assets. By making a gift of all of your property to your heirs, you may eliminate probate. However, once the gift is made you have lost ownership of your property, which you may later need for your support.

A LIVING TRUST allows you to retain control of your property, and upon your demise, YOU CONTROL WHEN AND HOW MUCH YOUR BENEFICIARY WILL RECEIVE.

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EXHIBIT 2

6 DISABLED HEIRS:

A LIVING TRUST preserves benefits for DISABLED HEIRS. A disabled heir generally loses government assistance payments upon receiving an inheritance.

A LIVING TRUST can authorize your successor trustee to make special distributions for a disabled heir while still preserving government benefits.

7 PROBATE FEES:

A LIVING TRUST eliminates ALL PROBATE FEES and COST. Probate fees are based on the entire value of an estate, without deducting bills or mortgage.

The probate expense can be as much as the following, or more:

GROSS ESTATE SIZE	APPROXIMATE EXPENSES
\$100,000.	\$10,000.
\$300,000.	\$30,000.
\$500,000.	\$50,000.

This example also applies to all other mortgaged property owned in every state. If a couple owns property in four states there would be four probates required.

With a LIVING TRUST, your family will not have to go through probate, and can avoid paying expensive probate fees and costs.

8 JOINT TENANCY:

A LIVING TRUST avoids JOINT TENANCY problems. Joint tenancy is a method of avoiding probate, where, upon death of one co-owner, the survivor becomes the full owner of the property.

1. As an owner, your child has the power to interfere with your decision to sell or refinance the property.
2. If your child should go through divorce, the other spouse may claim an interest in the property.
3. If your child should owe taxes, the tax collector may take your property to satisfy the tax obligation.
4. If your child should be found liable in any lawsuit, your property may be sold to pay the judgment.

With a LIVING TRUST, probate is entirely avoided and there is not exposure of your assets to the debts or liabilities of your child.

9 CONSERVATOR:

A LIVING TRUST avoids a CONSERVATOR. If you ever become incapacitated, the Probate Court will appoint a conservator to manage your property, and your estate will be required to pay court fees and costs for the conservatorship each year.

With a LIVING TRUST, your trustee can manage your property if you are unable to handle your affairs, and there are no court fees and costs.

EXHIBIT 2

10 INCOME TAXES:

A LIVING TRUST saves sizeable INCOME TAXES. When a couple holds property or stocks in joint tenancy, the surviving spouse is required to pay a capital gains tax upon sale. This tax is based upon one-half of the increase in value of the property since the time of its purchase.

In a LIVING TRUST, title is transferred into the trust. This entirely eliminates the Federal Capital Gains Tax on all increases in value up to the date of death.

11 ESTATE TAXES:

An A-B LIVING TRUST saves substantial ESTATE TAXES. Estate taxes are paid to the federal government for the transfer of property upon death. Federal estate taxes are based on the size of the estate and are imposed where the net value of an estate is larger than \$600,000.00. The Federal Estate Taxes are almost one-half of the estate after deducting \$600,000.00.

A Living Trust saves substantial estate taxes as follows:

NET ESTATE	APPROXIMATE TAX SAVINGS
\$ 800,000.	\$ 75,000.
\$1,000,000.	\$153,000.
\$1,200,000.	\$235,000.

12 MEDICAL COSTS:

AN A-B LIVING TRUST protects against catastrophic MEDICAL COSTS. If you should ever require care in a convalescent hospital or long term nursing home, the medical expense could eventually wipe out your estate, thereby denying you the opportunity to leave your property to your loved ones.

With an A-B LIVING TRUST, if you become seriously ill, your trustee can make gifts of your property to your heirs, and three years thereafter, can seek government benefits for your care, so that the bulk of your estate will go to your heirs.

EXHIBIT 2



Questions Most Commonly Asked

Q: Is There Anything Bad About a Living Trust?

A: No. There is nothing bad about a Living Trust. It is a traditional and well-proven estate planning tool that has been used, in one form or another, for hundreds of years.

Any problems people have with a properly prepared Living Trust have nothing to do with the trust itself, but with the property left out of it because they failed to change titles and beneficiary designations to the name of their trust. The trust still works - but any property left out risks being probated. If you desire to completely avoid probate, all assets must be in your Living Trust. It does not take much time to change the titles and beneficiary designations, and once it is done your Living Trust is easy to maintain.

Q: Where Should I Keep My Living Trust Documents?

A: We suggest that you make several copies of your original documents and give a copy to each of your back-up trustees. Make sure you tell them where the original documents are located. We suggest you keep the original trust document in your safe deposit box or another safe place and keep one copy at home so you can review it from time to time. (Make sure your safety deposit box is titled in the name of your trust, so your back-up trustee will have no trouble gaining access.)

Q: Can I Put Out-Of-State Property Into The Trust?

A: Yes, you can, and in fact, you should. If you do not transfer out-of-state property into your trust, your heirs will need to have a separate probate in each state in which you own real estate. This may result in probate fees for each state. If, however, the property is transferred into your trust, the probate systems of all of the states involved are avoided.

Q: What If I Move To Another State?

A: Call Pre-Paid Legal at 1-800-654-7757 to locate a Pre-Paid attorney nearest you. Ask for a review. Most states follow the same general rules, so if something needs changing, only those parts are changed that need to be under the laws of that state. You do not need a completely new document.

Q: What If I Buy Property In Another State?

A: Before you buy property in another state, especially real estate, check to make sure it can be titled in the same way as in your home state. A bank or title insurance company in the state where the property is located can tell you if the title you want to use is acceptable in that state.

EXHIBIT 2

Q: Does Transferring Property Into a Trust Cause a Reappraisal Of The Property So That Property Taxes Are Raised?

A: No, it does not. Revenue and Taxation Code 62 specifically states that a transfer into a Revocable Living Trust does not cause a reappraisal of the property.

Q: How Should Property And Accounts Be Titled?

A: As a general rule, all of your property should be titled in the name of your trust. Here are some examples:

If you are single:

"(your name), Trustee under trust dated (insert date you signed your trust)."

If you are married:

"(your name and your spouse's name), Trustees under trust dated (insert date you signed your trust)."

Very often you will see the letters "UTD" used as a shortened version of the words "under trust dated."

Q: If I Own Partial Interest In Property With Others, Can I Transfer That Interest Into A Trust?

A: Yes. You can transfer your share of any property into the trust without affecting the shares of the others.

Q: If I Want To Sell Assets Or Add New Assets To The Trust, Will I Need To Return To The Attorney's Office Each Time?

A: No, you will not. You can sell assets and add new assets yourself without requiring a change of the trust.

Q: Can I Sell Assets I Have In The Trust Without Any Complications?

A: Yes, you can. You can freely sell your property even if it is in the name of the trust. The only difference will be that escrow company officials may ask for a copy of the trust documents.

Q: Can IRAs, KEOGHS And Other Tax Deferred Investments Be Transferred Into The Trust?

A: IRAs, KEOGHS and other tax deferred investments **cannot** be transferred into the trust. However, the trust can be the beneficiary of those investments. Each case must be discussed with an attorney to determine whether it is better to name the trust as beneficiary, or the individuals themselves as beneficiaries.

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EXHIBIT 2

Q: What About Adding Other Persons On My Accounts, Deeds, Etc.?

A: Never add another person on the title of your property or your accounts (this includes parents and children) without first checking with your attorney. It could cause you or your family some very serious problems, possibly even defeating the purposes of your trust or exposing you to a lawsuit.

Q: When Will I Need To Update My Living Trust?

A: There is no special time to change your trust, although it is a good idea to review your living trust at least every year. As a general rule, you should change your trust anytime it no longer is what you want. Any major change in your family, such as marriage, divorce, death, adoption, birth, etc. should cause you to think about your trust. If one of your trustees/guardians can no longer fulfill their responsibilities you should make changes accordingly.

Remember that you should keep a separate list of your Special Gifts.

Q: How Do I Fund My Trust?

A: YOU CAN FUND YOUR TRUST BY THE FOLLOWING THREE STEPS:

1. Go to your bank and change the name on savings, money market and certificate of deposit accounts to the name of the family trust. Also, place trust in safety deposit box.
2. If you own stocks or bonds, contact your stock broker to change the name to the name of the family trust.
3. Finally, if you have real estate, you may use the Quick-Claim Deed to transfer it yourself or you may contact a title company to transfer the title to the name of the family trust.

IF YOU HAVE ANY QUESTIONS CONCERNING THE FUNDING OF YOUR TRUST, CALL **PRE-PAID LEGAL** AT 1-800-654-7757.

EXHIBIT 2

Disadvantages of Going
Through Probate

1. Impounded or frozen accounts
2. Impounded safety deposit box
3. Probate court cost (10% or more)
4. Waiting period (1-3 years)
5. Attorney fees (very costly)
6. Administration fees
7. Public disclosures
8. Impounded mail
9. Forced asset liquidations
10. Expensive litigation
11. Possible Federal Estate Taxes and/or
State Inheritance Taxes

EXHIBIT 2

D *Death Probate versus Revocable Living Trust*

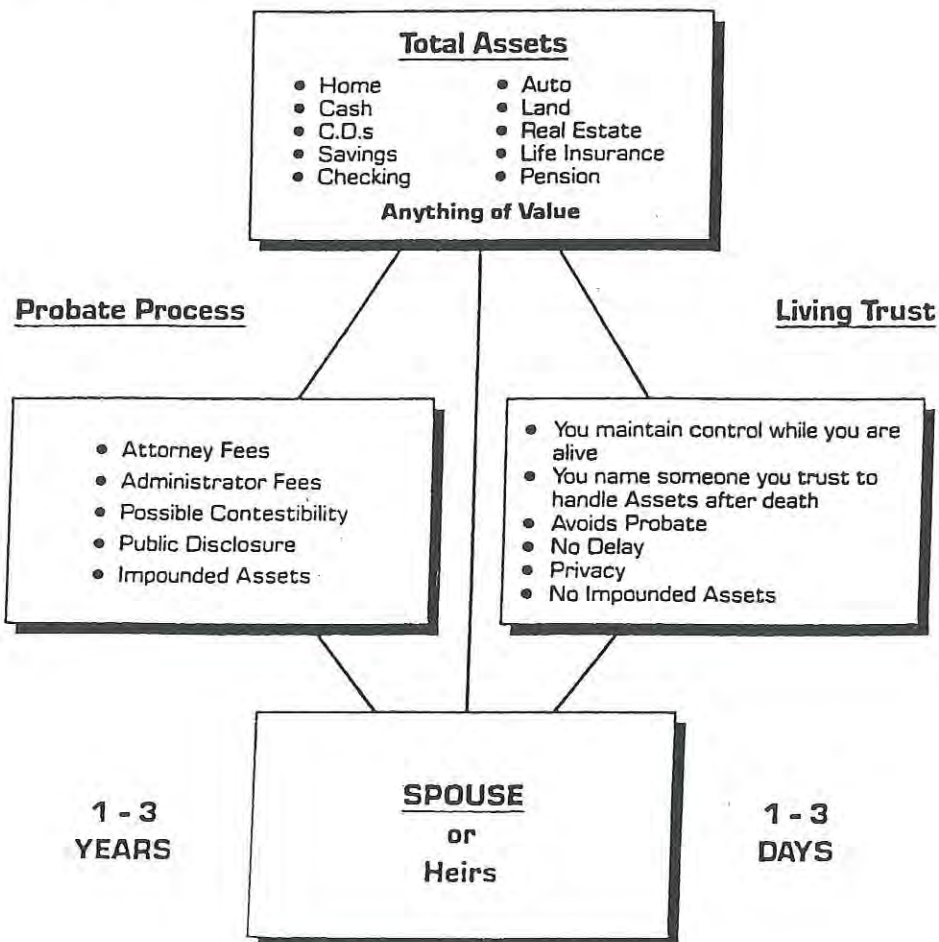


EXHIBIT 2

Preventing These Situations

A LIVING TRUST WOULD HAVE PREVENTED THIS SITUATION:

Martha had been a widow for just one year when she put all of her property, including her house, into **joint ownership with her married son**. She did this thinking that when she died, her property would automatically go to her son **without the need for probate**.

Several years later, her son and his wife separated and Martha decided to sell her house so she could move in with her son. But she soon discovered **she could not sell the house** without her daughter-in-law's signature on the deed. The daughter-in-law was still legally married to her son and was entitled by law to a "marital interest" in the property. **The title company would not insure clear title to the buyer** without the daughter-in-law's signature because it was not clear what her "interest" would be — and the daughter-in-law refused to sign unless she got part of the money when the house was sold. Martha was stuck! She did not know that **joint ownership with a married person can include that person's spouse**. And because Martha had placed her house in joint ownership, **Martha lost control of her own home**.

A LIVING TRUST WOULD HAVE PREVENTED THIS SITUATION:

Bill and Agnes were an elderly couple who put **everything they owned . . .** including their home and stock . . . in their adult unmarried daughter's name. **They believed that this would avoid probate** and that all of their property would pass directly to their daughter who was an only child, when they were both gone. A year later, Bill died of a heart attack. Several months after that, the daughter was killed in an auto accident.

Agnes never believed she would survive both her husband **and** daughter. To add to her distress, **Agnes now owned nothing in her own name**. Everything was in her daughter's name! She was forced to probate her daughter's estate to get back her own property.

During this long process she had to rely on the court to grant her living expenses. **Sometimes the court would approve expenses . . . sometimes not**. And during a declining stock market, she helplessly watched the value of her stocks fall to only a fraction of their previous value because the court could not react in time for them to be sold quickly enough. **Agnes lost her financial independence** plus a substantial portion of her assets to probate . . . just trying to get back what was hers in the first place.

THE CONSEQUENCES IF A JOINT OWNER CANNOT SIGN:

Most married couples own their property jointly, and they **assume** that if one of them becomes disabled or incompetent, the other can continue to take care of their personal and financial affairs without interruption. But look at what happened to Henry and Mary:

Henry and Mary were successful and responsible adults. **They made safe investments and planned carefully for their future**. They owned everything **jointly** and even had **WILLS**, leaving everything to each other. But in just seconds their lives changed dramatically. **Henry was in a tragic car accident**, and suffered extensive head injuries and

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EXHIBIT 2

brain damage. Mary could continue to write checks and pay their day to day bills because only one of their signatures was required on their checking account. But soon the cash started running out, and **Mary realized she needed to sell some of their investments, and maybe their house,** to pay for Henry's care and the other bills. Mary was unable to sell any of their jointly owned property without both signatures, and since Henry could not sign his name, **the only way Mary could sell their property was to place Henry into a probate guardianship and have the court sign for him.** Henry's WILL was no help at all because he was still alive.

Mary had no idea how expensive and cumbersome this legal "joint ownership" can be. Not only did she have to deal with Henry's situation and the effect of this tragedy on their personal lives, but **she also had to deal with the court system.** She was especially frustrated that **she had to pay for the court to approve the sale of their own property** and then get the court's approval on how Henry's share of that money was spent — even when it was used to pay their personal bills and take care of Henry! When Henry finally died more than five years later, Mary found herself back in probate court — this time to probate Henry's WILL.

THE SAME THING CAN EASILY HAPPEN TO YOU if you own property through joint ownership. Many older parents list their adult sons or daughters as joint owners on their property (especially real estate and C.D.s), mainly to avoid probate when they die. And many mistakenly assume that their adult child will automatically be able to take over for them if they become disabled or incompetent. Most people just do not know how easily joint ownership can lead to a probate guardianship.

EXHIBIT 2



**OTHER
MEMBERSHIP
BENEFITS &
SERVICES**

EXHIBIT 2

**Medical Air Ambulance Services**

Specialized Facilities ... often at distant locations, available to our members at NO out-of-pocket cost when the need arises.

Ten Separate Services ... Some Lifesaving ... Some Peace of Mind:

- **EMERGENCY AIR TRANSPORTATION** to any specialized hospital in the nation with what could be the single life sustaining element available to you or a member of your family.
- **ESCORT TRANSPORTATION** for your spouse, family member or companion to accompany you in flight if space permits.
- **NON-INJURY TRANSPORTATION** to have a family member flown round trip by common carrier to the city where you are hospitalized for more than seven days.
- **REPATRIATION**, should the patient and his attending physician determine that recuperation nearer home is feasible, air transportation will be provided.
- **ORGAN RETRIEVAL/ORGAN RECIPIENT TRANSPORTATION.** If a member requires a heart, heart/lung, liver, kidney, lung, or pancreas transplant, this service will transport the organ to the recipient or fly the recipient candidate to the organ.
- **RETURN TRANSPORTATION** either by air ambulance or scheduled air carrier for your return home.
- **MINOR CHILDREN RETURN**, including an attendant, if necessary, when minor children are stranded as a result of you being hospitalized out of town.
- **VEHICLE RETURN.** Privately owned or rented cars, vans, motorhomes, or travel trailers left unattended as a result of the medical emergency will be returned to your residence.
- **PHYSICAL REMAINS RETURN.** Will return mortal remains.

EXHIBIT 2

*Listen to What People Say About Medical Air Services:***Louis C. Timm:**

716-328-9824 • Rochester, New York

*"We could not have asked for better treatment, in fact we have been telling our friends about MASA."***Lee and Violet Frost**

618-832-6538 • Anna, Illinois

*"We are satisfied with your service we take every opportunity to encourage friends to enroll in MASA."***Mrs. James (Thelma) Wilkinson**

515-652-3244 • Ottumwa, Iowa

*"We have only good thoughts and remarks to make of Medical Air Services."***Mr. Victor S. Kalinoski**

218-681-4767 • Thief River Falls, Minnesota

*"It was a 400 mile trip one way. We were very pleased in that no time was wasted and everything seemed very well planned. We recommend this service very highly."***Harold and Ruth Wendt**

715-229-2770 • Owen, Wisconsin

*"I am now well on the way to recovery from open heart surgery while in Texas in April. We express our special thanks for the fine and prompt service Medical Air Services provided during our emergency. Besides providing air service home, we especially appreciated having a driver take our automobile 1700 miles to Wisconsin."***Christine J. Adamson**

313-659-6080 • Flushing, Michigan

*"We feel this service is very valuable for the security it provided and we feel it is one of the best investments we have ever made."***Bruce Theel**

701-477-5244 • Rolla, North Dakota

*"Your company is providing a critical medical service to the population living in remote areas, without air facilities closer to major medical centers. Could you sell hospitals such a service, so that more people are informed of this marvelous service you give at such a reasonable rate?"***Katherine G. Bennett**

716-637-6468 • Brockport, New York

*"The Bennetts are staunch believers that everyone should be a member of Medical Air Services. You showed concern far beyond the service anyone could expect."***Margaret Kreutzer**

204-326-9972 • Edinburg, Texas

*"I am very pleased with the services I received from your company after the death of my husband."***Frankie Adkins**

512-428-2534 • Brunswick, Missouri

*"We made a call to Medical Air Services and found out our daughter's flight to be with her critically ill father would be taken care of. We certainly thank your 'flight for life' service and don't intend to be without it."***Mrs. Joyce Evans**

816-638-4561 • Urich, Missouri

*"Words cannot express what I feel for your company. You were all so helpful and courteous. I would love to enroll some of my friends who have not heard of your services. Please send me some enrollment applications."***Stanley Snodgrass**

513-922-4562 • Cincinnati, Ohio

*"MASA will always be a part of our insurance program as long as it is available to us. On a scale of one to ten, we rate you a ten plus."***Mr. and Mrs. Robert Taylor**

612-894-9709 • Burnsville, Minnesota

*"We wish to thank you for the 'hassle free' way in which you handled all the arrangements to fly me and my injured husband home after he fractured a vertebra in his back. We say thanks for all your help."***Helen Redekal**

507-938-4241 • Canby, Minnesota

"In this day and age it is very difficult to believe some company would stand behind their promises and react so efficiently and promptly in our crisis. I highly recommend this service to each and everyone."

EXHIBIT 2

***Prescription Program***

The lowest price available at your local pharmacy!

- Over 30,000 participating neighborhood pharmacies
- Fill all your prescription needs **AT** or **BELOW** average wholesale prices

***Mail Order Pharmacy***

The preferred option for maintenance medications!

- TOLL FREE ORDER — Comparison cost line
- NO shipping or handling charges
- Doctor-Verified prescriptions
- Easy to use
- Convenient at-home delivery



Savings that really add up!

EXHIBIT 2

***Affordable Dental Connection****Free & Discounted Dental Service*

- FREE Diagnosis
- FREE Dental History
- FREE Bite Wing X-Rays
- FREE Fluoride Treatment for Children
- FREE Oral Hygiene Instructions
- FREE Oral Cancer Examination



*Discounts of 20% to 50% off the
Dental Providers "usual and customary" fees.*

- Prosthodontists
- Implantologists
- Oral Surgeons
- General Dentistry
- Orthodontists
- Endodontists



EXHIBIT 2

Eyewear Savings

SPECS brings you savings at Sears, Montgomery Ward, JC Penney, Dillard's, Marshall Fields, Royal Optical, and many other stores.

You receive the SPECS Vision Plan free as part of your membership benefit package. The SPECS Vision Plan is designed to offer both you and your family savings of up to 60% on all your eyecare needs.

Simply present the SPECS card at any of the 1,500 participating Sears, Montgomery Ward, JC Penney, Dillard's, Marshall Fields, Royal Optical and many other eyewear departments located throughout the country and let the savings begin.

It's so easy! There's no waiting, no forms to complete, and no limitations — all merchandise is included. Most locations are open evenings and weekends for your convenience. And, you can pay for your order with your store credit card.



TYPICAL SAVINGS

	YOUR Cost
Frames	
Frames up to \$54 retail — you save 60%	\$20.00
Frames \$55 to \$74 — you save 60%	\$30.00
Frames over \$74	50% off
Lenses	
Single Vision — you save 45%	\$28.00
Bifocal — you save 40%	\$50.00
Trifocal — you save 40%	\$60.00
Lenticular — you save 50%	\$95.00
Contact Lenses & Non-Prescription Sunglasses	
20% Discount from regular retail prices	
Eye Examinations*	
Spectacle: \$5 off regular fee	
Contact: \$10 off regular fee	

*Eye Examinations are provided by Doctors of Optometry located in or adjacent to most participating optical departments. The fee for fitting and dispensing spectacles (including unlimited adjustments) is only \$8. There is no dispensing fee for contacts.

EXHIBIT 2

Hearing Aid Discounts

Save 60% or MORE!

- All world famous name brands.
- When is a \$400 hearing aid better than an \$800 hearing aid?

When it's the same hearing aid!!



30 day No cost - No obligation FREE home trial

Hear better today!

Chiropractic Discounts

*Nationwide network of over 2200
licensed chiropractors.*

- Free Chiropractic Evaluation!
- Preferred Client 15% discount.

*Headaches • Neck Pain • Pain In Lower Back, Hips or Legs
Tight Muscles or Spasms • Decreased Flexibility
Abdominal Pain • Dizziness or Blurred Vision
Shoulder or Arm Pain • Numbness in Extremities
Breathing Difficulties*



Get rid of that pain!

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EXHIBIT 2

Discount Shopping Service

*Members save up to 50% on
thousands of nationally
advertised items.*

As a Member you'll enjoy huge savings through substantial discounts on most major consumer purchases. It's easy. Just pick up the phone and you'll receive the guaranteed lowest price available for the item you want. Use your price to comparison shop at your local stores.

- Audio Equipment
- Cameras
- Carpeting
- China and Silverware
- Diamonds
- Fine Jewelry
- Furniture
- Personal Computers
- Luggage
- Major Appliances
- Pianos and Organs
- Sewing Machines
- Video Recorders
- Exercise Equipment
- Televisions
- Typewriters
- Video Tapes
- Binoculars
- Air Conditioners

*Plus thousands of
other items!*

You'll save hundreds of dollars!

EXHIBIT 2

Grocery Coupon Program

*Manufacturer's
coupons for brand
name items you want,
need, and use!!!*



*Save hundreds and hundreds
of dollars each year on your
grocery bills.*

**Saving Money on groceries
has never been easier.**

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EXHIBIT 2

**ift Catalog**

*Our members SAVE
up to 80%*

**Savings Galore!
Over 550 Items!**

Cameras • Jewelry • Household Appliances • Silver Plate
Luggage • China • Watches • Telephones
Silverware • Tools • Leather Goods • Fur Coats

*Receive impressive savings on gifts for
Birthdays Anniversaries Weddings
Graduations Christmas*

SAMPLE SAVINGS

Item	Suggested Retail	Your Price
Ladies or mens quartz Diamond Watch.....	\$ 119.00.....	\$ 23.00
35mm Camera - auto focus, auto wind, auto loading.....	\$ 269.00.....	\$ 69.00
Cordless telephone.....	\$ 179.00.....	\$ 59.00
Ladies Black Eel-Skin purse.....	\$ 345.00.....	\$ 69.00
Norwegian blue Fox fur coat.....	\$1250.00.....	\$256.00

EXHIBIT 2

Vacation & Travel Discounts

Your membership travel services are waiting for you NOW. Let our travel consultants accommodate you!



- \$100,000 FREE Travel Accident Insurance on selected flights
- Discounts from many of the world's most desired resorts, cruise lines, and tour packages

- Prompt, courteous, professional assistance
- Lowest currently available air fares
- Up to 5% off on air fares to many destinations worldwide



Get that dream vacation!

Hotel, Motel, Resort Condominium Discounts



Guarantees 50% Savings

- At over 2000 hotels, motels, and resort condominiums.
- Available at thousands of destinations worldwide.

The world can be yours!

EXHIBIT 2

New Car Discounts

Save \$1000 or MORE!



For a nominal service charge you'll receive a computer printout showing the dealers cost for the make and model you want.

Information that gives you a price advantage!

Knowing what your dealer knows can get you the very best price on the car you want.

Used Car Discounts

Outstanding savings on late-model pre-owned cars.



For a modest fee, you will receive a price quote for the late-model car of your choice that will also include the retail price and trade-in value.

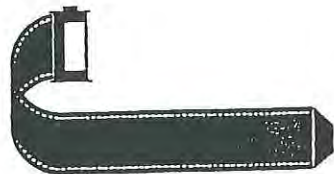
Make your best deal!

Every car is prepared for sale under guidelines which meet the highest standards and conditions.

EXHIBIT 2

Free Kodak Film

A \$350 Value!!



- Our members are provided certificates for 10 FREE rolls of KODAK Color Film.
- Send in a roll of film for processing - Receive a new roll of film FREE.
- MONEY BACK GUARANTEE: You pay only for the prints that come out!

Discounts on Flowers

Fresh & Beautiful



- Over 5,000 participating Florists worldwide.
- Open 24 hours a day — 7 days a week

Car Rental Discounts

SAVE 10% to 40% every time you rent a car!

- Free upgrade in car class at Hertz, Avis, National.
- Special exclusive flat-rates at National and Alamo.

Family Entertainment Discounts

At such places as:

SIX FLAGS
FUNSEEKERS CLUB

Ring's Believe It or Not!

And we are negotiating new entertainment discounts every day that will be added to your membership as available!

Something for everyone!

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EXHIBIT 2

AASC

**NATIONWIDE
NON-PROFIT
ORGANIZATION**

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Denver Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Pre-Paid Legal Services, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Oklahoma, with its office and principal place of business located at 321 E. Main Street, in the City of Ada, State of Oklahoma.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

DEFINITIONS

For purposes of this order:

a. "*Living trust*" means a trust into which an individual can place all of his or her assets during his or her lifetime and, by transferring ownership of the assets to the name of the trust, thereby remove the assets from the individual's estate.

b. "*Probate*" is the legal process that validates a will, the legal document that contains instructions to the court on how assets and liabilities are to be divided and distributed at death.

ORDER

I.

It is ordered, That respondent Pre-Paid Legal Services, Inc., a corporation, its successors and assigns, and its officers, and respondent's agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, including through any individual or entity with whom or which respondent has contracted to provide pre-paid legal services, in connection with the advertising, promoting, offering for sale, or sale of living trusts, do forthwith cease and desist from misrepresenting, in any manner, directly or by implication, orally or in writing, that:

- A. The use of a living trust avoids all probate and administrative costs.
- B. At death, a living trust allows assets to be distributed immediately or almost immediately.
- C. A living trust cannot be challenged.
- D. Living trusts are prepared by local attorneys.
- E. A living trust protects against catastrophic medical costs.
- F. A living trust is the appropriate estate planning device for every consumer.
- G. There are no disadvantages to a living trust.

II.

It is further ordered, That respondent Pre-Paid Legal Services, Inc., a corporation, its successors and assigns, and its officers, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, including through any individual or entity with whom or which respondent has contracted to provide pre-paid legal services, in

connection with the offering for sale or sale of living trusts, do forthwith cease and desist from failing to disclose, clearly and conspicuously, in writing, and prior to the consummation of the sale, the following information:

A. Living trusts may be challenged on similar grounds as wills.

B. Living trusts may not be appropriate in all instances, and all estate planning options should be examined before determining which estate plan best suits a particular individual's needs and wishes.

III.

It is further ordered, That respondent Pre-Paid Legal Services, Inc., a corporation, its successors and assigns, and its officers, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, including through any individual or entity with whom or which respondent has contracted to provide pre-paid legal services, in connection with the offering for sale or sale of living trusts, do forthwith cease and desist from failing to disclose, clearly and conspicuously, in writing, and prior to the consummation of the sale, the following information, if true:

A. The availability of informal probate under this state's statutes allows minimal or no contact with the courts and reduces the time required to probate a will.

B. The transfer of an individual's assets into the living trust is not included in the price of creating the living trust.

C. It is the sole responsibility of the purchaser of the living trust to transfer assets into the trust.

D. Creditors have a longer period of time to file a claim against a living trust than against a probated estate.

IV.

It is further ordered, That respondent Pre-Paid Legal Services, Inc., a corporation, its successors and assigns, and its officers, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promoting, offering for sale, or sale of living trusts by any individual or entity with whom or which

respondent has contracted to provide pre-paid legal services, do forthwith cease and desist from failing to take reasonable steps sufficient to determine, commencing with the beginning of such a contractual relationship and continuing throughout the relationship, whether the promotion or sale involves any acts or practices prohibited by paragraphs I, II and III of this order. Such steps shall include, but are not limited to, evaluating, on a basis independent of the individual or entity with whom or which respondent has contracted to provide pre-paid legal services, the terms or conditions of sale, the adequacy of any disclosures, the representations made and the truthfulness of these representations (for the purposes herein, evaluating may, but need not, include reviewing advertisements, sales scripts and sales manuals, interviewing officers and employees, ascertaining the number and nature of consumer complaints and blind testing of oral representations).

V.

It is further ordered, That respondent Pre-Paid and its successors and assigns shall, in accordance with the provisions of this Part, offer a refund in the amount of one hundred sixty-five dollars (\$165.00) to every purchaser of a living trust, except for (1) those purchasers residing in states with which Pre-Paid has previously settled, and (2) all other purchasers who have previously received refunds from either Pre-Paid or the American Association for Senior Citizens ("AASC").

A. Within thirty (30) days of the date that this order becomes final, respondent shall compile and submit to the Commission a current mailing list containing the names and last known addresses of all AASC members for whom living trusts were prepared by Pre-Paid and who reside in states with which Pre-Paid has not previously settled. Respondent shall also compile and submit to the Commission a list of all AASC members to whom respondent has paid refunds, indicating the amount of each refund and the date the refund was issued. In compiling these lists, respondent shall search all relevant records in the possession, custody, or control of the respondent, including but not limited to its unincorporated divisions, joint ventures, partnerships, operations under other names, affiliates, and all directors, officers, partners, employees, agents, consultants, franchisees, and any other person or entity, including independent contractors, working for or on behalf of any of the foregoing.

B. The Commission shall compile and maintain a list of consumers potentially eligible to receive refunds based on the information respondent is required to produce pursuant to V.A, above, and supplemented by such further relevant information in the Commission's possession or that comes to the Commission's attention.

C. The Commission or its designated agent shall mail a notification letter substantially in the form set out in Appendix 1 to all persons the Commission has reason to believe are eligible consumers, to advise each of: (a) the settlement with Pre-Paid, and (b) the consumer's right to receive a refund.

D. The Commission shall enclose with each notification letter described in V.C, above, a claim form substantially in the form set out in Appendix 2. Refund eligibility shall be based on submission of such form, which has been signed by either the AASC member or the beneficiary, next-of-kin or other representative of the member, if the member is deceased.

E. Any potentially eligible consumer who does not submit a completed and executed claim form in response to the Commission's notification letter by the date specified in the notification letter shall not be eligible to participate in the distribution; provided, that the Commission may in its discretion accept and process an untimely response to the notification letter.

F. The funds from any returned checks, and checks not cashed within 60 days after the distribution date, shall be redeposited into the redress fund for possible redistribution.

VI.

It is further ordered, That the consumer redress fund shall be established, administered, distributed and terminated under the direction and control of the Commission and/or its designated agent. Respondent shall be notified, upon request, as to how the consumer refunds are distributed, but shall have no right to contest the manner of distribution chosen by the Commission. Within 30 days of completing the distribution of refunds pursuant to Part V of this order, the Commission or its designated staff will provide written notification to the escrow agent specified in the Escrow Agreement attached as Appendix 3 to return to the Commission for transmittal to Pre-Paid any funds remaining in the escrow account that were not paid to consumers or to cover administrative costs of the escrow

account. Nothing in this provision shall be construed to limit Pre-Paid's obligation under Parts V and VI of this order to provide consumer refunds.

VII.

It is further ordered, That, for a period of three (3) years from the date of issuance of this order, respondent, and its successors and assigns, shall maintain and upon request make available to a representative of the Federal Trade Commission for inspection and copying all documents relating to the advertising, promoting, offering for sale, or sale of living trusts that are developed, written, reviewed, authorized, or used by respondent, its successors and assigns, its officers, and its agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, or by any individual or entity with whom or which respondent has contracted to provide pre-paid legal services.

VIII.

It is further ordered, That respondent shall notify the Federal Trade Commission, through its Denver Regional Office unless otherwise directed, at least thirty (30) days prior to any proposed change in the respondent, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of new corporations, subsidiaries or affiliates of the respondent, the planned filing of a bankruptcy petition, or any other corporate change that may affect compliance obligations arising out of this order.

IX.

It is further ordered, That respondent shall:

A. Within thirty (30) days of service of this order upon it, provide a copy of this order to each of respondent's current principals, officers, directors and managers and to all personnel, agents and representatives who are or have been participating or engaging in any manner in respondent's sales activities relating to living trusts.

B. For a period of three (3) years from the date of issuance of this order, provide a copy of this order to each of respondent's principals, officers, directors and managers, and to all personnel, agents and

representatives who are participating or engaging in any manner in respondent's sales activities relating to living trusts within three (3) days after the person assumes his or her position.

X.

It is further ordered, That this order will terminate on April 4, 2017, or twenty years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any paragraph in this order that terminates in less than twenty years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

C. This order if such complaint is filed after the order has terminated pursuant to this paragraph.

Provided further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this paragraph as though the complaint was never filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

XI.

It is further ordered, That respondent shall, within sixty (60) days of service of this order upon it, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

Decision and Order

123 F.T.C.

APPENDIX 1

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
DENVER REGIONAL OFFICE

1961 Stout Street, Suite 1523
Denver, CO 80294-0101
(303) 844-2271

Dear AASC Member:

The Federal Trade Commission has entered into a settlement agreement with Pre-Paid Legal Services, Inc. ("Pre-Paid"), the organization which provided living trusts to members of the American Association for Senior Citizens ("AASC"). The FTC charge AASC and Pre-Paid with making certain misrepresentations, as well as with failing to disclose important information, in the course of marketing and selling living trusts. The agreement reached between Pre-Paid and the Federal Trade Commission is for settlement purposes only and does not constitute an admission of wrongdoing on the part of Pre-Paid.

In settlement of this matter, Pre-Paid has agreed to make partial refunds to AASC members. To be eligible for this refund, you must sign and return the enclosed claim form. If you have already received a refund from Pre-Paid or AASC, you are not eligible for this refund.

Sincerely,

Federal Trade Commission

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Decision and Order

APPENDIX 2

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
DENVER REGIONAL OFFICE1961 Stout Street, Suite 1523
Denver, CO 80294-0101
(303) 844-2271

CLAIM FORM

Name _____
Address _____
City/State/Zip _____

This Claim Form is to be used in connection with your request for a refund from Pre-Paid Legal Services, Inc. ("Pre-Paid"). Please read the Letter enclosed with this Claim Form. **THIS CLAIM FORM MUST BE RECEIVED BY THE FTC AT THE ADDRESS SHOWN ABOVE NO LATER THAN _____, 199_. (60 day turn-around).** A self-addressed envelope is provided for your convenience. Please affix the proper postage.

INSTRUCTIONS

1. Please check the appropriate box to indicate your status:
 - ☐ As a member of the American Association for Senior Citizens ("AASC"), I received a living trust from Pre-Paid Legal Services, Inc. I have not received a refund from either AASC or Pre-Paid.
 - ☐ _____, the AASC member who received the living trust, is legally incompetent or deceased, and I am the beneficiary, next-of-kin or other representative of that person. Neither the AASC member nor myself, on behalf of that AASC member, has received a refund from either AASC or Pre-Paid.
2. If your name and/or address as they appear at the top of this form are different, or the information is otherwise incorrect, please enter the change(s) in the line(s) to the right.

PRIVACY ACT NOTICE

This information is being collected in order to make a distribution of funds paid to the Federal Trade Commission in connection with an Agreement Containing Consent Order to Cease and Desist issued to Pre-Paid Legal Services, Inc. by the Commission pursuant to 15 U.S.C. 45. In addition, this information may be disclosed for other purposes authorized by the Privacy Act, 5 U.S.C. 552a, 47 Fed. Reg. 32,622, including disclosure to other government agencies. Failure to provide the requested information could delay processing or, in some cases, make it impossible for us to process your claim.

Under penalty of perjury, I certify that the foregoing is true and correct to the best of my knowledge and belief.

Signature_____
Date

APPENDIX 3

ESCROW AGREEMENT

Whereas, Pre-Paid Legal Services, Inc. ("Pre-Paid" or "proposed respondent"), has agreed with the staff of the Federal Trade Commission ("the Staff") to settle a certain proposed complaint against it; and

Whereas, as part of the settlement of the proposed complaint for alleged violations of Section 5 of the Federal Trade Commission Act ("FTC Act"), Pre-Paid and the staff have agreed that Pre-Paid will pay partial consumer refunds to those who purchased living trusts from the American Association for Senior Citizens ("AASC"); and

Whereas, the staff requires as a condition of its recommendation of the proposed settlement to the Commission that one hundred thirty thousand dollars (\$130,000) be held in escrow to secure payment of the redress, pending final approval of the settlement and issuance of the order by the Commission, before being disbursed as directed by the terms of the proposed Agreement Containing Consent Order to Cease and Desist;

Now, therefore, in consideration of the premises and mutual covenants, agreements and conditions herein contained, Pre-Paid and the staff do hereby agree to and with each other as follows:

1. Gilardi & Co., in its capacity as a redress contractor (FTC contract #L-1127), shall serve as the Escrow Agent. Within forty-eight (48) hours of signing the Proposed Agreement Containing Consent Order to Cease and Desist to the Commission for final approval, the proposed respondent shall pay to Escrow Agent the amount of one hundred thirty thousand dollars (\$130,000), to be held in escrow in an interest-bearing account to secure payment of the refunds in trust for consumers, by depositing the same into an account ("the escrow fund") as designated by the Escrow Agent. Pre-Paid will pay said amount by a certified or cashier's check(s) or wire transfer.

2. Except as provided in paragraphs four and five of this Agreement and Part V of the proposed Agreement Containing Consent Order to Cease and Desist, proposed respondent agrees to make no claim to or demand for the return of the escrow fund or any portion thereof, directly or indirectly, through counsel or otherwise, and, in the event of bankruptcy of proposed respondent, proposed respondent agrees that the funds are not part of the debtor's estate and that the estate does not have any claim or interest therein.

3. The refund amounts so held in escrow shall be disbursed in accordance with the proposed Agreement Containing Consent Order to Cease and Desist executed by the parties. The Escrow Agent shall be compensated for its management of the escrow fund by the escrow fund.

4. This Agreement shall be irrevocable, and the escrow fund shall be used for no purpose other than payment of the consumer refunds as specified in the Agreement Containing Consent Order to Cease and Desist and to compensate Escrow Agent. The parties agree, however, that this fact is not and will not be interpreted as an admission or acknowledgment by either side that any dominion, title or interest, either legal or equitable, in the principal of the escrow fund remains in Pre-Paid. The Escrow Agent shall return to the Commission for transmittal to Pre-Paid any money remaining in the escrow fund after reimbursement to all consumers who request a refund as soon as practicable after the conclusion of the process of disbursement of the consumer refunds.

5. In the event that the proposed Agreement Containing Consent Order to Cease and Desist does not receive final approval from the Commission, the Escrow Agent shall terminate the escrow account and return all funds to the Commission for transmittal to proposed respondent. The parties agree, however, that this fact is not an admission or acknowledgment by either side that any dominion, title, or interest, either legal or equitable, in the principal of the funds remains in Pre-Paid.

In witness whereof, each of the parties caused this Escrow Agreement to be executed on its behalf by its duly authorized representatives.

Complaint

123 F.T.C.

IN THE MATTER OF

UNO RESTAURANT CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3730. Complaint, April 4, 1997--Decision, April 4, 1997*

This consent order prohibits, among other things, the Massachusetts-based pizza corporations from misrepresenting the existence or amount of fat or any other nutrient or substance in any pizza or other baked crust food products.

Appearances

For the Commission: *John T. Dugan.*

For the respondent: *Craig Fochler, Wildman, Harold, Allen & Dixon, Chicago, IL.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Uno Restaurant Corporation, Pizzeria Uno Corporation, and Uno Restaurants, Inc., corporations ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Uno Restaurant Corporation is a Delaware corporation with its principal office or place of business at 100 Charles Park Road, West Roxbury, Massachusetts.

2. Respondent Pizzeria Uno Corporation is a Delaware corporation with its principal office or place of business at 100 Charles Park Road, West Roxbury, Massachusetts.

3. Respondent Uno Restaurants, Inc. is a Massachusetts corporation with its principal office or place of business at 100 Charles Park Road, West Roxbury, Massachusetts.

4. Respondents have manufactured, advertised, labeled, offered for sale, sold, and distributed products to the public, including thin crust pizzas known as "Thinzettas," which are "foods" within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

5. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.