



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

## Center for Consumer Protection Monthly Archived Newsletters

### Table of Contents

| 2021                           |                               |                               |                               |
|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <a href="#">January 2021</a>   | <a href="#">February 2021</a> | <a href="#">March 2021</a>    | <a href="#">April 2021</a>    |
| <a href="#">May 2021</a>       | <a href="#">June 2021</a>     |                               |                               |
|                                |                               |                               |                               |
| 2020                           |                               |                               |                               |
| <a href="#">January 2020</a>   | <a href="#">February 2020</a> | <a href="#">March 2020</a>    | <a href="#">April 2020</a>    |
| <a href="#">May 2020</a>       | <a href="#">June 2020</a>     | <a href="#">July 2020</a>     | <a href="#">August 2020</a>   |
| <a href="#">September 2020</a> | <a href="#">October 2020</a>  | <a href="#">November 2020</a> | <a href="#">December 2020</a> |
| 2019                           |                               |                               |                               |
| <a href="#">January 2019</a>   | <a href="#">February 2019</a> | <a href="#">March 2019</a>    | <a href="#">April 2019</a>    |
| <a href="#">May 2019</a>       | <a href="#">June 2019</a>     | <a href="#">July 2019</a>     | <a href="#">August 2019</a>   |
| <a href="#">September 2019</a> | <a href="#">October 2019</a>  | <a href="#">November 2019</a> | <a href="#">December 2019</a> |
| 2018                           |                               |                               |                               |
| <a href="#">January 2018</a>   | <a href="#">February 2018</a> | <a href="#">March 2018</a>    | <a href="#">April 2018</a>    |
| <a href="#">May 2018</a>       | <a href="#">June 2018</a>     | <a href="#">July 2018</a>     | <a href="#">August 2018</a>   |
| <a href="#">September 2018</a> | <a href="#">October 2018</a>  | <a href="#">November 2018</a> | <a href="#">December 2018</a> |
| 2017                           |                               |                               |                               |
| <a href="#">September 2017</a> | <a href="#">October 2017</a>  | <a href="#">November 2017</a> | <a href="#">December 2017</a> |



CENTER FOR  
CONSUMER PROTECTION

## Center for Consumer Protection Monthly: June 2021

### Chief of the Month: L. Christopher Styron, Louisiana



Greetings to all of my colleagues in the attorney general community across the country. I appreciate the NAGTRI Center for Consumer Protection giving me the opportunity to share some information about Louisiana's Consumer Protection Section and myself.

I joined the Consumer Protection Section of the Louisiana Department of Justice as an Assistant Attorney General in September 2008. During that month, Hurricane Gustav and Hurricane Ike hit Louisiana, causing extensive damage across the state. In the aftermath of the hurricanes, thousands of consumers called our consumer protection hotline and filed complaints about issues related to the storms, including price gouging, unscrupulous contractors, and questionable charities. [Read more.](#)

### Article of the Month

## ***Supporting Charities in the Time of COVID: The View From the New York Office of the Attorney General***

**By Letitia James, New York Attorney General**

We know all too well that the past year has seen unprecedented challenges for people throughout our nation and all over the world. In my state of New York, the pandemic's impact on the nonprofit sector, which in normal times employs 1.25 million people (18% of New York's workforce) has been enormous. We continue to mourn the thousands of people who died of COVID-19, but it has also been a year of accomplishments, generosity, and problem solving by a vibrant nonprofit sector. [Read more.](#)



## **Attorney General Consumer Protection News & Other Items of Interest**

### **Multistate Actions**

- **Led by Colorado Attorney General Phil Weiser and New York Attorney General Letitia James**, a bipartisan coalition of [28 attorneys general wrote Congress, urging it to restore the Federal Trade Commission's \(FTC\) authority to obtain consumer restitution](#) in actions filed under Section 13(b) of the FTC Act. The Supreme Court's recent decision in *AMG Capital Management, LLC, et al. v. Federal Trade Commission* held that the FTC lacks authority to obtain equitable monetary relief through Section 13(b) enforcement actions. Instead, the agency must pursue restitution through, the "limited and cumbersome" Section 19 administrative process, which the letter states, is "no substitute for the ability to seek ... relief directly in court."
- **Arkansas Attorney General Leslie Rutledge and Texas Attorney General Ken Paxton** each filed actions charging the operators of the "Blessing Loom" with running an illegal pyramid scheme. Texas-based BINT Operations, LLC ("Blessings in No Time") and officers LaShonda Moore and Marlon Deandre Moore operated nationwide and allegedly targeted African American communities, promising an 800% return on investment, and charging a minimum of \$1,400 to participate. [The Texas action](#) was filed in Texas state court. [The Arkansas action](#) was filed jointly with the FTC in federal court in Arkansas.
- **District of Columbia Attorney General Karl A. Racine and Pennsylvania Attorney General Josh Shapiro** announced they [successfully collaborated with online food delivery platform Uber Eats to secure better disclosures](#) about the price discrepancy between in-app purchases and orders placed directly with restaurants.

**[More Multistate News from Attorney General Offices](#)**

### **Individual Attorney General Actions**

- **Georgia Attorney General Chris Carr** and the Consumer Financial Protection Bureau (CFPB) obtained a stipulated [permanent injunction and civil penalty against an alleged deceptive credit repair operator](#) and its owners and executives.

Burlington Financial Group and its owners and executives, Richard Burnham, Katherine Burnham, and Sang Yi, allegedly violated the Telemarketing Sales Rule and Georgia law and deceived consumers into hiring the company to lower or eliminate credit card debts and improve consumers' credit scores. Ultimately, however, consumers were often left with more debt, impaired credit scores, and subjected to lawsuits and bankruptcy. If entered by the court, the order would ban the company and its owners and executives from the industry and impose a civil penalty of \$150,001.

- **Massachusetts Attorney General Maura Healey** [secured \\$260,000 from an anesthesia provider to settle "surprise billing" allegations](#). South Shore Anesthesia Associates (SSAA) allegedly failed to adequately disclose to certain patients that SSAA was out of network with those patients' health plans and then sought to collect unfairly high charges from the patients.
- **Mississippi Attorney General Lynn Fitch** [sued insulin manufacturers and PBMs over insulin pricing practices](#). The suit asserts Mississippi Consumer Protection Act claims as well as unjust enrichment and civil conspiracy claims. The state is asserting its consumer protection and unjust enrichment claims both in its *parens patriae* capacity and in its capacity as a payor and purchaser of the at-issue diabetes medications. Defendants include Eli Lilly and Company, Novo Nordisk Inc., Sanofi-Aventis U.S. LLC, Express Scripts Inc. and related companies, CVS Health Corporation and a related entity, Caremark RX, L.L.C. and related companies, UnitedHealth Group, Inc., and Optum, Inc. and a related entity.
- **Missouri Attorney General Eric Schmitt** announced a settlement with Jim Bakker and Morningside Church Productions. In March 2020, the Missouri Attorney General's Office sued Bakker and Morningside Church Productions for marketing "silver solution" as a potential cure for the coronavirus. [Under the consent judgment](#), Bakker, Morningside Church Productions, and all persons acting on their behalf are enjoined from advertising or selling "silver solution" to diagnose, prevent, mitigate, treat, or cure any disease or illness. Missouri consumers who paid or contributed money in connection with the product will receive approximately \$156,000 in restitution.
- **New Mexico Attorney General Hector Balderas** [filed suit against baby food makers and retailers](#) for selling products containing toxic heavy metals. The suit alleges that manufacturers Beech-Nut, Nurture, and Hain Celestial, and retailers Walmart and Kroger allegedly promoted and sold contaminated products as safe and appropriate for babies, infants, and young children. The lawsuit follows a congressional report finding that levels of arsenic, lead, cadmium, and mercury in certain baby food products were multiple times higher than allowed under existing regulations for other products.
- **New York Attorney General Letitia James** announced a [\\$230 million settlement with Johnson & Johnson \(J&J\)](#) regarding the company's role in the opioids epidemic. Payment under the settlement will occur over a period of nine years and the terms also bar J&J from manufacturing or selling opioids anywhere in New York, and acknowledge J&J's exit from the opioid business nationally. Final details regarding the allocation of the settlement funds and precise timeline for receiving J&J's payments are dependent upon state legislation and the concurrence of counties who also have cases pending against J&J. The trial against the remaining defendants in New York's opioids case began June 28.
- **North Carolina Attorney General Josh Stein** reached a [\\$40 million agreement with JUUL](#) that will drastically reform the business practices of the e-cigarette maker to avoid appealing to young people. North Carolina is the first state in the nation to successfully hold JUUL accountable for its role in spiking teen use and dependence on e-cigarettes. Actions filed by other attorneys general are pending in multiple jurisdictions. The North Carolina settlement includes restrictions on sales to anyone whose age has not been verified through independent verification systems, restrictions on marketing, and a prohibition on new flavors and nicotine content levels without FDA authorization. Payment to the state will occur over six



years and fund programs to help people quit e-cigarettes, prevent e-cigarette addiction, and research e-cigarettes.

- **Ohio Attorney General Dave Yost** [filed a landmark lawsuit to declare Google a public utility](#). The suit seeks a legal declaration that Google is a common carrier (or public utility) subject to proper government regulation. As such, according to the suit, Google has a duty to offer sources or competitors rights equal to its own, meaning it should not prioritize the placement of its own products, services, and websites on search results pages. Further, those equal rights should extend to advertisements, enhancements, knowledge boxes, integrated specialized searches, direct answers, and other features. The lawsuit does not seek money damages.

#### [More Individual News from Attorney General Offices](#)

## Charities

- **District of Columbia Attorney General Karl Racine** announced a [lawsuit against a failed nonprofit](#) that was founded to raise funds for the U.S. pavilion at the 2020 World's Fair Exposition in Dubai and two of its founders, alleging that the founders improperly paid themselves more than \$360,000, advancing their private financial interests at the expense of the organization's goals. According to the complaint, the founders' alleged mismanagement and abandonment of their fiduciary duties contributed to the organization's failure to fulfill its mission and ultimate dissolution.
- **Minnesota Attorney General Keith Ellison** [sued a fundraiser for not properly spending money raised in Philando Castile's name](#). The action against Pamela Fergus, a/k/a "Philando Feeds the Children," alleges that Fergus raised approximately \$200,000 in the name of Philando Castile to relieve student lunch debt for Saint Paul Public Schools students but only about \$80,000 was used for that purpose, leaving approximately \$120,000 unaccounted for. Philando Castile was a Saint Paul Public Schools food-service worker who was killed by a St. Anthony, Minnesota police officer on July 6, 2016.

#### [More Charities News](#)

[Read More](#)

## Federal Consumer Protection News

### Consumer Financial Protection Bureau

- The CFPB issued [rules designed to prevent avoidable foreclosures](#) as homeowners exit COVID-19 hardship forbearances. The federal eviction moratorium ends June 30, 2021. The new rules go into effect August 31, 2021 and require servicers to meet temporary procedural safeguards before referring 120-day delinquent accounts for foreclosure. According to the Bureau, more than 3% of all borrowers are now four months or more behind on their mortgages, which is the point when a foreclosure may be initiated.
- The CFPB issued [a report highlighting legal violations identified by the Bureau's examinations in 2020](#). The report also highlights prior CFPB supervisory findings that led to public enforcement actions in 2020 resulting in more than \$124 million in consumer remediation and civil money penalties. The findings included in this report cover examinations in the areas of auto servicing, consumer reporting, debt collection, deposits, fair lending, mortgage origination, mortgage servicing, private

education loan origination, payday lending, and student loan servicing that were completed from January 1, 2020 to December 31, 2020.

### [More News from the CFPB](#)

## Federal Trade Commission

- Lina Khan was sworn in as Chair of the FTC. President Biden named Khan to a term on the Commission that expires September 25, 2024, and designated her as Chair. Prior to becoming Chair of the FTC, Khan was an Associate Professor of Law at Columbia Law School. She also previously served as counsel to the U.S. House Judiciary Committee's Subcommittee on Antitrust, Commercial, and Administrative Law, legal adviser to FTC Commissioner Rohit Chopra, and legal director at the Open Markets Institute.
- The FTC is [returning more than \\$172 million to rent-to-own customers](#) who were told their payment plans were "same as cash" or "no interest." Defendant Prog Leasing, LLC, d/b/a Progressive Leasing, allegedly misled consumers regarding the amounts charged for items such as furniture, jewelry, or cell phones. More than two million consumers will receive refunds averaging \$85 each.
- The FTC [opened the claims process to return \\$125 million to consumers who sent money to scammers using MoneyGram](#) between January 1, 2013, and December 31, 2017. The claims process is the result of [FTC and U.S. Department of Justice settlements charging](#) that MoneyGram violated previous agreements with the government to crack down on fraudulent money transfers.

### [More News from the FTC](#)

## Other Federal News

- Center for Disease Control and Prevention (CDC) Director, Dr. Rochelle Walensky, [signed an extension to the CDC's nationwide eviction moratorium](#), further preventing the eviction of tenants who are unable to make rental payments. The CDC moratorium that was scheduled to expire on June 30, 2021, is now extended through July 31, 2021. According to the CDC, this is intended to be the final extension. Days after the CDC announced the extension, [the U.S. Supreme Court, by a 5-4 vote](#), denied an application by Alabama real estate agents for an emergency order to vacate the stay of a U.S. District Court judgment vacating the moratorium. Although the district court held that the moratorium violated the Administrative Procedures Act, it issued a stay of its judgment pending the government's appeal.
- The U.S. Department of Education [announced more than \\$500 million in debt relief for more than 18,000 former ITT Tech students](#) under the federal borrower defense loan discharge program. The "borrower defense" regulation authorizes the department to forgive loans where a school misleads students or engages in other conduct in violation of certain state laws. ITT Tech allegedly provided prospective students misleading information about future earnings and transferability of credits. The department credited the **Iowa Office of the Attorney General**, among others, for providing evidence necessary to support the students' applications.
- The U.S. Department of Justice (USDJ) [seized 63.7 bitcoins valued at approximately \\$2.3 million believed to have been paid by Colonial Pipeline](#) to DarkSide, the criminals whose ransomware attack resulted in the shutdown of the pipeline that supplies 50% of the gasoline sold on the East Coast. Subsequently, [the Senate Committee on Homeland Security & Governmental Affairs held a hearing](#) on June 8 titled: "Threats to Critical Infrastructure:

Examining the Colonial Pipeline Cyber Attack” during which Joseph A. Blount, Jr., President and CEO of Colonial Pipeline, testified.

- The USDOJ announced the [sentencing of a motor vehicle dealer who pleaded guilty to odometer tampering](#) and related charges. Shmuel Gali was sentenced to 60 months’ imprisonment for his role in a long-running odometer tampering and money laundering scheme and ordered to pay \$3,936,000 in restitution. Gali and other co-defendants rolled back the odometers an average of 70,000 miles on nearly 700 vehicles at their Queens, New York dealership and charged inflated prices based on the misrepresented mileage.
- The Securities and Exchange Commission announced that **New Jersey Attorney General Gurbir S. Grewal** has been appointed Director of the Division of Enforcement, effective July 26, 2021. Grewal has served as New Jersey’s Attorney General since January 2018, when he was confirmed by the New Jersey State Senate after being nominated by Governor Phil Murphy.

[More Federal News](#)

Read More



NATIONAL  
ASSOCIATION OF  
ATTORNEYS GENERAL



CENTER FOR  
CONSUMER PROTECTION

*Todd Leatherman, Program Counsel for the Center for Consumer Protection, is the editor of Center for Consumer Protection Monthly, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection.*

*Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.*

**To subscribe:** *If you are aware of anyone who may have an interest in subscribing to this newsletter, please let them know they will need to create an account with NAAG and opt-in to receiving the newsletter. Once the account is set up, select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter." Please email [support@naag.org](mailto:support@naag.org) with questions.*



CENTER FOR  
CONSUMER PROTECTION

## Center for Consumer Protection Monthly: May 2021

### Chief of the Month: Brandon Garod, New Hampshire



As I have only been New Hampshire's Consumer Chief for a little over two years, I have not yet had the opportunity to meet many of you. I am hoping that as life starts to return to normal, our ability to congregate and learn from shared experiences will return as well, and I will be able to get to know more of this great community. I was fortunate enough to grow up in New Hampshire's beautiful Lakes Region. I left the Granite State to attend law school at the University of Maine School of Law in Portland, but always knew that I would end up returning to build a career. After law school I was lucky enough to land a job at a county attorney's office prosecuting felony cases. [Read more.](#)

### Article of the Month

#### *Using UDAP in an Action Against the Manufacturers of the Antiplatelet Medication Plavix*

**By Stephen H. Levins, Executive Director, State of Hawai'i Office of Consumer Protection**

In 2014, the State of Hawai'i sued the manufacturers of the antiplatelet medication Plavix in state court for violating Hawai'i's unfair or deceptive trade practices act, chapter 480, Hawai'i Revised Statutes ("UDAP"). After a four-week, virtual, non-jury trial concluded in November 2020, the Hawai'i trial court entered judgment awarding more than \$834 million in civil penalties against Defendant Bristol-Myers Squibb Company and three U.S. subsidiaries of French drug manufacturer Sanofi. The court determined Defendants committed 834,012 UDAP violations in connection with their marketing and sale of Plavix in Hawai'i between 1998 and 2010. [Read more.](#)



# Attorney General Consumer Protection News & Other Items of Interest

## Multistate Actions

- Led by **Massachusetts Attorney General Maura Healey**, **Nebraska Attorney General Doug Peterson**, **Tennessee Attorney General Herbert H. Slatery III**, and **Vermont Attorney General T.J. Donovan**, a bipartisan coalition of 44 attorneys general [urged Facebook to abandon its launch of Instagram Kids](#), a social media platform for children under the age of 13. The letter cited numerous sources documenting the harmful effects of social media platforms on children and dangers to younger children in particular.
- Led by **Florida Attorney General Ashley Moody** and **New York Attorney General Letitia James**, a bipartisan coalition of 47 attorneys general [endorsed the Fraud and Scam Reduction Act \(H.R. 1215\)](#), which has already passed the House of Representatives and is awaiting a vote in the Senate. This legislation would create the Senior Scams Prevention Advisory Group and the Senior Fraud Advisory Office within the Federal Trade Commission and improve interagency coordination on efforts to protect seniors from falling victim to fraud and scam attempts.

[More Multistate News from Attorney General Offices](#)

## Individual Attorney General Actions

- **Arizona Attorney General Mark Brnovich** [obtained a settlement with an Arizona hearing device company](#) to stop allegedly deceptive advertising. The attorney general alleged that Budget Hearing Aids (Budget) and a subsidiary, Audien, advertised its devices as being "FDA APPROVED" or "FDA REGISTERED" when the FDA has not approved any over-the-counter hearing aids. The settlement required Budget to remove the FDA logo and the terms "FDA APPROVED" and "FDA REGISTERED" from any of its advertising.
- **Arkansas Attorney General Leslie Rutledge** [obtained a \\$2.6 million judgment against timeshare exit company](#) Real Travel, LLC, and the company's founder, Brian Scroggs. Through owners Scroggs and Bart Bowe, the now-defunct Bentonville-based company allegedly peddled its timeshare exit services to consumers nationwide, charging consumers exorbitant fees but did not deliver on their guarantees to help consumers transfer or cancel their timeshare property interests. In October, Rutledge received a judgment against Bowe requiring he pay \$50,000 in restitution and \$450,000 in suspended civil penalties.
- **Colorado Attorney General Phil Weiser** [filed suit against Pennsylvania Higher Education Assistance Authority](#), operating as FedLoan Servicing and AES, one of the largest servicers of federal student loans. The company allegedly refused to fully comply with Colorado law requiring it to submit to oversight under a 2019 Colorado statute authorizing the attorney general to license student loan servicers and oversee their operations.
- **Massachusetts Attorney General Maura Healey** [sued multinational marketing firm Publicis Health](#), LLC, alleging that deceptive marketing schemes it created helped Purdue Pharma sell more OxyContin, fueling the opioid crisis.
- **New York Attorney General Letitia James** [issued a report detailing her office's investigation into allegedly fake public comments](#) submitted to the Federal Communications Commission (FCC) in a 2017 proceeding to repeal net neutrality rules. In addition, the Attorney General announced \$4.4 million in settlements with 3 lead generators, Fluent, Inc., Opt-Intelligence, Inc., and React2Media, Inc., who were allegedly responsible for millions of the fake comments.

- **Washington Attorney General Bob Ferguson** [sued alleged "patent troll," Landmark Technology A, LLC](#) (Landmark) for its predatory practices that target small businesses. Ferguson's complaint was filed under Washington's Patent Troll Protection Act which prohibits bad faith assertions of patent infringement. Landmark allegedly sent threatening letters in bad faith to over a thousand small businesses nationwide, demanding \$65,000 in patent licensing fees. When five Washington small businesses refused to pay, Landmark sued them claiming infringement of a patent that the U.S. Patent and Trademark Office has deemed likely to be declared invalid. The businesses settled with Landmark to avoid the expense of a lawsuit. Ferguson's suit seeks restitution and injunctive relief barring bad faith enforcement of the allegedly dubious patent.

### [More Individual News from Attorney General Offices](#)

## Other Items of Interest

- The Ninth Circuit Court of Appeals reversed a lower court ruling and [held that Snap Inc. was not immune from suit under Section 230](#) of the Communications Decency Act. The ruling allows Snap to be sued by the surviving parents of two boys who died in a high-speed accident while using Snapchat's smartphone app that encouraged users to report their speed while using the app. The court held that the suit treated Snap as a products manufacturer, not a publisher, and Snap's duty to design a reasonably safe app was fully independent of Snap's role in monitoring or publishing third-party content.

[Read More](#)

---

## Federal Consumer Protection News

- President Biden issued an [Executive Order on Improving the Nation's Cybersecurity](#) following the ransomware attack on the Colonial Pipeline which led to the pipeline shutting down and declarations of emergency and gasoline supply shortages in some states. The order declared that "the prevention, detection, assessment, and remediation of cyber incidents is a top priority and essential to national and economic security" and that "[a]ll Federal Information Systems should meet or exceed the standards and requirements for cybersecurity set forth in and issued pursuant to this order." The order addresses risks both to federal agencies and critical infrastructure security as well as cybersecurity for consumers. It also addresses the need for a cyber-security capable workforce.

## Consumer Financial Protection Bureau

- The Consumer Financial Protection Bureau (CFPB or Bureau) [obtained a settlement with debt settlement company DMB Financial LLC](#) (DMB) requiring at least \$5.4 million in restitution. DMB allegedly charged unlawful upfront fees and failed to provide required disclosures to its customers in violation of the Telemarketing Sales Rule and the Consumer Financial Protection Act.
- The CFPB and FTC put the [nation's largest landlords on notice about tenants' pandemic-related protections](#). The letters were sent to apartment owners, who collectively own more than 2 million units, to remind the landlords of federal



protections in place to keep tenants in their homes and stop the spread of COVID-19. However, in a [Memorandum Opinion on May 5](#), the U.S. District Court for the District of D.C. held that the CDC restrictions were not authorized by law. Similar rulings were made by federal courts in [Texas](#) and [Ohio](#) in February and March. The Department of Justice filed a notice of appeal, so the national moratorium remains in effect and is set to expire on June 30, 2021.

[More News from the CFPB](#)

## Other Federal News

- The Consumer Product Safety Commission (CPSC) and Peloton announced the [recall of Tread+ treadmills after one child death and 70 incidents](#). The CPSC and Peloton also announced the recall of [Tread treadmills](#) due to risk of injury. The recalls of the two Peloton models come after the CPSC had warned consumers to stop using the Tread+ treadmill in mid-April.
- The United States Department of Justice (USDOJ) announced the [indictment of two individuals in a \\$650 million cattle Ponzi scheme](#). Joyce Stachniw of Illinois and Ron Throgmartin of Georgia, allegedly fraudulently told investors that short-term investments in cattle would achieve returns of 10-20% in periods as short as several weeks but used proceeds to pay other victims and enrich themselves.
- USDOJ announced that [three Peruvian nationals pled guilty to conspiring to defraud thousands of Spanish-speaking U.S. residents](#) through a series of Peruvian call centers that falsely told victims that they were required to accept and pay for English language courses and other educational products. The frauds also included lottery and government imposter schemes. Between April 2011 and July 2019, thousands of victims made payments based on calls from the defendants' call centers.
- The United States Attorney for the Southern District of New York announced that the owner of a [consumer products testing company pled guilty to a \\$46 million fraud scheme](#) involving fabricated test results. Gabriel Letizia, Jr., the owner and executive director of AMA Laboratories, Inc. in New York City, pled guilty to defrauding customers by reporting laboratory test results for panelist testing that was not fully performed. As a result of the fraud, sunscreens and other consumer products were sold and marketed to consumers on the basis of false laboratory testing reports.
- The Securities and Exchange Commission (SEC) [sued the promoters of a \\$2 billion global crypto lending securities offering](#). The SEC's complaint against 5 individuals alleges that from approximately January 2017 to January 2018, BitConnect, an unincorporated organization, acting through the defendants, raised approximately \$2 billion by conducting an unregistered offering and sale of securities in the form of investments into BitConnect's "lending program." The complaint seeks injunctive relief, disgorgement plus interest, and civil penalties.

[More Federal News](#)

[Read More](#)



NATIONAL  
ASSOCIATION OF  
ATTORNEYS GENERAL



CENTER FOR  
CONSUMER PROTECTION

*Todd Leatherman, Program Counsel for the Center for Consumer Protection, is the editor of Center for Consumer Protection Monthly, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection.*

*Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.*

**To subscribe:** *If you are aware of anyone who may have an interest in subscribing to this newsletter, please let them know they will need to create an account with NAAG and opt-in to receiving the newsletter. Once the account is set up, select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter." Please email [support@naag.org](mailto:support@naag.org) with questions.*



CENTER FOR  
CONSUMER PROTECTION

## Center for Consumer Protection Monthly: April 2021

### Register Today for the 2021 NAAG Consumer Protection Spring Virtual Conference



NAAG's Consumer Protection Spring Conference will be held virtually on May 11-13, 2021. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Tues., May 11, the private, nonprofit, and government sectors are invited to attend the public portion of the conference. **The sessions on Wed., May 12 and Thurs., May 13** are open to attorney general office staff only.

During the public portion of the conference, NAAG Consumer Protection Committee Co-Chairs will have a discussion with the leaders of the CFPB, FCC, and FTC. There will also be a panel of attorneys general discussing consumer protection issues and priorities. In addition, the public portion will include a panel on how large companies fight scams, as well as, a session on the tax treatment of payments to governmental entities under recent changes to the federal tax code and the impact on consumer protection settlements. Below you will find a link to the public day agenda. Please note that it is subject to change as we prepare for the conference; we plan to keep the website updated with current information.

[Click here to view the public day agenda.](#)

**Register Today**

---

## Chief of the Month: Laura McFarlane, Wisconsin



I am honored to be featured as the NAGTRI Center for Consumer Protection's Chief of the Month. I was born and raised in Madison, Wisconsin. While I realize now how lucky I was to be raised here, at the time I graduated from high school, I was very much ready to leave Wisconsin. After graduating from Boston University, I worked at Oxfam America, an international non-governmental organization, for six years. One of the campaigns I worked on dealt with the cost of prescription drugs due to international intellectual property laws. That campaign made me want to go to law school and, I thought at the time, become an international intellectual property attorney. [Read more.](#)

---

## Article of the Month

### ***Restitution: The Superior Remedy***

**By Syreeta Tyrell, Assistant Attorney General, Consumer Litigation Unit, Arizona Attorney General's Office**

**Matthew du Mee, Consumer Litigation Unit Chief Counsel, Arizona Attorney General's Office**



In most consumer fraud cases, restitution is the optimal remedy, serving the two-fold purposes of restoring consumers and deterring businesses from engaging in unlawful acts and practices. State attorneys general may sometimes settle matters without obtaining restitution for a variety of reasons, some of which are addressed below. However, prioritizing restitution begets important recoveries for consumers and can also result in higher civil penalties to states. [Read More.](#)

---

## Attorney General Consumer Protection News & Other Items of Interest

## Multistate Actions

- Led by **Illinois Attorney General Kwame Raoul**, **North Carolina Attorney General Josh Stein**, and **Tennessee Attorney General Herbert H. Slatery III**, a bipartisan coalition of 45 attorneys general [called on Twitter, eBay, and Shopify](#) and [online mobile market place OfferUp](#) to act immediately to prevent people from selling fraudulent CDC vaccination cards on their platforms.
- Led by **Illinois Attorney General Kwame Raoul**, a bipartisan coalition of 26 attorneys general [urged Congress to rescind the so-called "True Lender Rule,"](#) a regulation promulgated by the Office of the Comptroller of the Currency which the states allege would allow predatory lenders to take advantage of consumers.
- Led by **Colorado Attorney General Phil Weiser** and **Oregon Attorney General Ellen Rosenblum**, a bipartisan coalition of 24 attorneys general [urged the US Department of Education to forgive loans of certain ITT Tech \(ITT\) students](#). The states filed a collective borrower defense to repayment application alleging that ITT misrepresented potential post-graduation earnings by more than \$100,000 over the average earnings of workers with the same credentials. The misrepresentations were made in recruiting materials given to more than 280,000 students between 2007 and 2010.

[More Multistate News from Attorney General Offices](#)

## Individual Attorney General Actions

- **Arkansas Attorney General Leslie Rutledge** filed a [lawsuit involving a puppy scam](#). The suit alleges that two individuals obtained \$160,000 from consumers who believed they were paying for a new dog that was never delivered. The defendants also allegedly posed as representatives from the Little Rock Municipal Airport and falsely told consumers that the airport required another \$900 to ship the dog in a specialized crate.
- **District of Columbia Attorney General Karl Racine** [sued baby food company Beech-Nut](#) for allegedly misleading parents about the safety of its products. Beech-Nut allegedly advertised that its baby food underwent the most stringent testing and was fully safe for babies when, in fact, the food contained high levels of toxic heavy metals.
- **Kentucky Attorney General Daniel Cameron** announced the [US Sixth Circuit Court of Appeals upheld the constitutionality of Kentucky's price gouging law](#). The court lifted a preliminary injunction by the district court, which had prohibited the attorney general's investigation of alleged price gouging of Kentuckians by third-party Amazon sellers during the COVID-19 pandemic. Kentucky was supported in its appeal by an [amicus brief](#) led by **Illinois Attorney General Kwame Raoul** and joined by a bipartisan group of 31 attorneys general.
- **Mississippi Attorney General Lynn Fitch's** case against Johnson & Johnson (J&J) regarding its sale of products containing talc may proceed according to the [Mississippi Supreme Court which rejected J&J's interlocutory appeal](#). J&J had claimed that the Mississippi Consumer Protection Act does not apply to the labeling of products regulated by the US Food and Drug Administration, and alternatively, that such claims would be preempted.
- **New York Attorney General Letitia James** [obtained 1.2 million eggs for New Yorkers in resolving price gouging allegations](#) against wholesale egg distributor Hillandale Farms Corporation. The eggs—100,00 cartons—are to be delivered to food banks located throughout New York. The state had alleged that Hillandale had raised its prices to some retailers to almost five times the price it charged immediately prior to the pandemic.

- **Oklahoma Attorney General Mike Hunter** announced a [\\$25 million settlement with Farmers Insurance](#) related to the company's alleged failure to properly pay approximately one thousand claims regarding earthquake damage. The settlement creates a claims process for affected consumers to re-submit claims and have them independently reviewed and damage to their property repaired.
- **Oregon Attorney General Ellen Rosenblum** announced a [\\$5.1 million settlement with Boston Scientific](#), resolving allegations that the company failed to disclose the serious risks and complications of transvaginally-placed surgical mesh. Proceeds of the settlement will go to fund women's health and Boys & Girls Club programs.
- **Washington Attorney General Bob Ferguson** obtained a [\\$14.5 million trial verdict against an alleged "trust mill" scheme operator](#). The court ordered CLA Estate Services, Inc. and CLA USA, Inc to pay a total of more than \$6.1 million plus 12 percent annual interest to 1,100 seniors for misleading them about estate planning and other deceptive conduct. The court also imposed \$6.5 million in civil penalties and awarded the state more than \$1.8 million in attorney's fees and costs.

#### [More News from Individual Attorney General Offices](#)

Read More

## Federal Consumer Protection News

- The US Supreme Court ruled against the FTC in [AMG Capital Management LLC v. FTC](#), holding that Section 13(b) of the FTC Act does not permit the FTC to seek and does not allow courts to award "equitable monetary relief such as restitution or disgorgement." FTC Acting Chairwoman Rebecca Kelly Slaughter issued a [statement](#) criticizing the decision and vowing to seek immediate Congressional action to provide the FTC authority to recover restitution in direct judicial proceedings. Several congressional leaders have vowed to expedite legislation to restore the FTC's authority to obtain restitution through direct court actions. See, e.g., [opening remarks](#) of House Committee on Energy and Commerce Frank Pallone, Jr. during April 27, 2021 hearing.
- The US Supreme Court ruled in favor of Facebook holding that [unsolicited text messages sent to a cellphone number did not violate the Telephone Consumer Protection Act of 1991 \(TCPA\)](#) prohibition on robocalls. In a unanimous ruling, the Court held that to qualify as an "automatic telephone dialing system" under the TCPA, a device "must have the capacity either to store, or to produce, a telephone number using a random or sequential number generator" – a type of equipment that is no longer widely used. Congressional and consumer advocacy leaders have vowed to seek legislation to address the opinion and extend coverage to protect consumers from robocalls using current technology. See e.g., [press release](#) from Senator Ed Markey: *Senator Markey and Rep. Eshoo Blast Supreme Court Decision on Robocalls as "Disastrous"* and [press release](#) from National Consumer Law Center: *Supreme Court Deals Blow to Protections Against Robocalls; Advocates*



*Urge Congress to Act to Prevent a Tsunami of Unwanted Calls and Texts to Cellphones.*

## Consumer Financial Protection Bureau

- The Consumer Financial Protection Bureau (CFPB or Bureau) [issued an interim final rule in support of the Centers for Disease Control and Prevention's eviction moratorium](#). The CFPB's rule requires debt collectors to provide written notice to tenants of their rights under the eviction moratorium and prohibits debt collectors from misrepresenting tenants' eligibility for protection from eviction under the moratorium.
- The CFPB formally [delayed the mandatory compliance date of the General Qualified Mortgage final rule](#) from July 1, 2021 to October 1, 2022. The CFPB is taking this action to help ensure access to responsible, affordable mortgage credit, and preserve flexibility for consumers affected by the COVID-19 pandemic and its economic effects.

[More News from the CFPB](#)

## Federal Communications Commission

- The Federal Communications Commission (FCC) [fined Tele Circuit Network Corporation \\$4,145,000 for switching consumers from their preferred carrier to Tele Circuit without permission and adding unauthorized charges to consumers' bills](#). These actions specifically harmed elderly and infirm consumers who, in some cases, were left without telephone service for extended periods of time while the company refused to reinstate service until the unauthorized charges were paid in full.

[More News from the FCC](#)

## Federal Trade Commission

- Smart home monitoring company [Vivint will pay \\$20 million to settle Federal Trade Commission \(FTC\) charges](#) that it misused consumer credit reports to help unqualified customers obtain financing for the company's products and services. Under the settlement, Vivint will pay a \$15 million civil penalty and an additional \$5 million to compensate injured consumers.
- The Federal Trade Commission (FTC) announced that [Yellowstone Capital, a provider of merchant cash advances, will pay more than \\$9.8 million to settle charges that it took money from businesses' bank accounts without permission and deceived them about the amount of financing business owners would receive and other features of its financing products](#).
- The FTC charged St. Louis-based chiropractor Eric Anthony Nepute and his company Quickwork LLC with [violating the COVID-19 Consumer Protection Act and the FTC Act](#), by deceptively marketing products containing vitamin D and zinc as scientifically proven to treat or prevent COVID-19. This is the first case the FTC has brought under the new law.

[More News from the FTC](#)

## Other Federal News

- The Consumer Product Safety Commission (CPSC) issued a [public warning regarding Peloton's Tread+](#) treadmill. According to the CPSC, one death and dozens of incidents of children and pets becoming injured by being sucked beneath the treadmill have been reported. The agency urged consumers with children or pets at home to stop using the product immediately.
- The US Food and Drug Administration (FDA) [released an action plan for reducing exposure to toxic elements from foods for babies and young children](#). The FDA stated that although its testing "shows that children are not at an immediate health risk from exposure to toxic elements at the levels found in foods, we are starting the plan's work immediately ... for achieving continued improvements in reducing levels of toxic elements in these foods over time."

[More Federal News](#)

Read More



## CENTER FOR CONSUMER PROTECTION

*Todd Leatherman, Program Counsel for the Center for Consumer Protection, is the editor of Center for Consumer Protection Monthly, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection.*

*Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.*

**To subscribe:** *If you are aware of anyone who may have an interest in subscribing to this newsletter, please let them know they will need to create an account with NAAG and*

*opt-in to receiving the newsletter. Once the account is set up, select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter." Please email [support@naag.org](mailto:support@naag.org) with questions.*



CENTER FOR  
CONSUMER PROTECTION

## Center for Consumer Protection Monthly: March 2021



### Consumer Chief of the Month: Phil Carlson, Nebraska

I want to begin this month's "Chief of the Month" section by saying that I take great joy in my family and to thank them publicly for their willingness to tag along with me in this crazy journey I'm going to tell you about. My wife, Jean, is a stay-at-home mom who wrangles me, our two sons: Nathan (15) and Luke (12), and our 140 lb. lap-Mastiff, Hendrix. And while we haven't moved them to Lincoln yet (real estate is FUN!!!), they're excited to join me and are looking forward to the many opportunities for music and culture here that aren't available in Pierre. [Read more.](#)

## Article of the Month

### ***The Impact of Recent Tax Law Changes on Consumer Protection Settlements***

**By Jared Libet, Assistant Deputy Attorney General,  
South Carolina Attorney General's Office**

On January 14, 2021, the IRS promulgated final regulations in connection with the tax laws and reporting requirements found in 26 U.S. Code § 162(f) and 26 U.S. Code § 6050X which impact consumer protection settlements and state attorney general offices. These final regulations, found at 26 C.F.R. § 1.162-21 and 26 C.F.R. § 1.6050X-1, clarify several important questions about the applicability of these sections to particular types of settlements and provide important guidance to attorneys general on how to comply with the reporting provisions. [Read More.](#)



# NAAG Consumer Protection Spring Conference

**Save the Date!** The NAAG Consumer Protection Spring Conference will be held virtually on May 11-13, 2021. Registration details will be forthcoming soon.

## Attorney General Consumer Protection News & Other Items of Interest

### Multistate Actions

- Led by **the California Department of Justice and Washington Attorney General Bob Ferguson**, 48 attorneys general announced a [\\$186 million multistate settlement with surgical mesh manufacturer](#) Boston Scientific Corporation to resolve deceptive marketing allegations.

[\*\*More Multistate News from Attorney General Offices\*\*](#)

### Individual Attorney General Actions

- **Minnesota Attorney General Keith Ellison** obtained an [\\$81 million settlement with R.J. Reynolds](#) (Reynolds) related to the tobacco company's alleged failures to comply with the Master Settlement Agreement (MSA). After Reynolds transferred 4 brands to ITG Brands (ITG) in 2018, neither Reynolds nor ITG made MSA payments related to the brands. The settlement resolves liability for past payments and future payments.
- **Nebraska Attorney General Doug Peterson** reached a settlement with two Omaha companies, Pivot Concierge Health, LLC and Banyan Medical Systems, LLC for [deceptive and misleading statements regarding COVID-19 antibody tests](#). According to the attorney general, the companies failed to make necessary disclosures required by test manufacturers and recommended by the FDA. The attorney general also claimed the companies made deceptive and misleading statements to consumers regarding the ability of their antibody tests to identify the presence of a current or prior COVID-19 infection, creating a significant likelihood of consumer confusion and endangering public health.
- **New York Attorney General Letitia James** helped obtain \$76 million in rebates for 4 million New Yorkers charged [fees for sports programming never provided during the COVID-19 pandemic](#). Seven companies—Altice USA, AT&T Inc., Charter Communications, Comcast Cable, DISH Network, RCN Corporation, and Verizon Communications—committed to passing on to their customers rebates they are seeking from regional sports networks, following receipt of letters from the attorney general demanding relief for subscribers.
- **Texas Attorney General Ken Paxton** [sued a San Antonio-based La Quinta Inn](#) for price gouging during the February 2021 winter storm that knocked out power throughout the state. According to the complaint, room rates were dramatically increased after some consumers checked into the hotel after demand skyrocketed due to widespread power outages.

[\*\*More News from Individual Attorney General Offices\*\*](#)

### Charities

- **Minnesota Attorney General Keith Ellison** announced that his office has [sued a company posing as a charity to help servicemembers](#) and its owner. The company, operating as Contributing 2 Combatants and Coast 2 Coast Marketing, allegedly funneled donations to its owner Jacob Choinski who spent the funds collected for his personal use and did not spend a single dollar on care packages since C2C's inception in July 2018.

## Veterans and Military

- The Department of Veterans Affairs (VA) announced it will [make grants totaling \\$1 billion to state veterans homes](#) operated across the country to ensure residents continue to receive high quality care, live in modern, safe facilities, and are protected from the COVID-19 pandemic. The VA received funding from Congress through the American Rescue Plan Act of 2021 and the Coronavirus Aid Relief, and Economic Security (CARES) Act as amended by the Consolidated Appropriates Act of 2021.
- The VA announced that the recently enacted [SAVE LIVES Act expanded the VA's legal authority to provide COVID-19 vaccines](#) to all veterans, regardless of their VA health care enrollment status, as well as veteran spouses, caregivers, and some beneficiaries. The SAVE LIVES Act removed some of the legal limits on the medical care VA can provide to veterans, based on health care eligibility and priority groups. The expanded authority depends on readily available COVID-19 vaccine supply and requires VA to continue to prioritize vaccinations and healthcare delivery for veterans enrolled in VA care.

[Read More](#)

---

## Federal Consumer Protection News

### Consumer Financial Protection Bureau

- The Consumer Financial Protection Bureau (CFPB or Bureau) [sued payment processor BrightSpeed Solutions Inc.](#) and its former CEO Kevin Howard for supporting Internet-based tech-support scams. The CFPB alleges the defendants knowingly processed more than \$71 million in payments for clients who tricked consumers, often older Americans, into purchasing expensive and unnecessary antivirus software or services.
- The CFPB [sued student debt relief company Student Loan Pro](#) and its owners for allegedly charging consumers more than \$3.5 million in illegal upfront fees, some as high as \$795. The Bureau alleged that defendants violated the Telemarketing Sales Rule's ban on upfront fees and is seeking injunctive relief, consumer redress and civil penalties.

[More News from the CFPB](#)

### Federal Trade Commission

- The Federal Trade Commission (FTC) announced that it is sending nearly [\\$50 million in refunds to University of Phoenix \(UOP\) students](#). The refunds stem from



a lawsuit the FTC filed against UOP alleging that it used deceptive advertisements that falsely touted its relationships and job opportunities with companies such as AT&T, Yahoo!, Microsoft, Twitter, and the American Red Cross. The FTC also alleged that UOP's advertising gave the false impression that the online school worked with those companies to create job opportunities for its students and tailor its curriculum for such jobs. In addition to the nearly \$50 million in direct payments for some students, the \$191 million settlement includes \$141 million to cancel unpaid balances owed directly to the school by eligible students.

- FTC Acting Chairwoman Slaughter and CFPB Acting Director Uejio issued a [joint statement regarding the national moratorium on evictions](#) during the pandemic, which was recently extended by the Centers for Disease Control and Prevention for an additional three months. Further, the FTC provided [guidance for consumers and businesses on preventing evictions](#). Related, the White House released a fact sheet about the [Biden-Harris Administration's multi-agency effort to support renters and landlords](#).

#### [More News from the FTC](#)

### Securities and Exchange Commission

- The Securities and Exchange Commission (SEC) filed a civil fraud action against a California man who [falsely claimed to possess insider information which he sold on dark web insider trading sites](#). In reality, James Roland Jones lied about possessing such information, according to the SEC, but sold the information to several users who paid bitcoin for the tips and ultimately traded based on the information Jones provided.
- The SEC charged the co-founders of [uBiome Inc., a private medical testing company, with defrauding investors](#) out of \$60 million by falsely portraying uBiome as a successful start-up with a proven business model and strong prospects for future growth. The San Francisco-based company's success in generating revenue actually depended upon duping doctors into ordering unnecessary tests and other improper practices. The scheme finally unraveled, and the company filed bankruptcy.

#### [More News from the SEC](#)

### Other Federal News

- The U.S. Department of Education announced [action to streamline its process for making borrower defense relief determinations](#). It will be rescinding the formula for calculating partial relief and adopting a streamlined approach for granting full relief under the regulations to borrower defense claims approved to date. The Department anticipates this change will ultimately help approximately 72,000 borrowers receive \$1 billion in loan cancellation.
- The Federal Bureau of Investigation's [Internet Crime Complaint Center \(IC3\) released its annual report](#). The [2020 Internet Crime Report](#) reported 791,790 complaints—an increase of more than 300,000 complaints from 2019—and reported losses exceeding \$4.2 billion, with the most commonly reported crimes being phishing scams, non-payment/non-delivery scams, and extortion. Victims lost the most money to business email compromise scams, romance and confidence schemes, and investment fraud.

#### [More Federal News](#)

[Read More](#)



## CENTER FOR CONSUMER PROTECTION

*Todd Leatherman, Program Counsel for the Center for Consumer Protection, is the editor of Center for Consumer Protection Monthly, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection.*

*Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.*

**To subscribe:** *If you are aware of anyone who may have an interest in subscribing to this newsletter, please let them know they will need to create an account with NAAG and opt-in to receiving the newsletter. Once the account is set up, select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter." Please email [support@naag.org](mailto:support@naag.org) with questions.*



## Center for Consumer Protection Monthly: National Consumer Protection Week Edition

February 28 – March 6, 2021

### National Consumer Protection Week

*Know Your Rights*



Visit [ConsumerResources.org](https://www.consumerresources.org) for more information about National Consumer Protection Week, with [Top 10 Complaint Lists](#) from many attorneys general.



### Consumer Chief of the Month: Kate Carter, Kansas

I have worn many hats over my career, but this one is probably the most challenging and the most rewarding. I started my career in law after returning to the University of Kansas (KU Law) for law school as a non-traditional student, married with four children having left a career in accounting and management. [Read more.](#)

## Consumer Protection 2020 Year in Review

### *Attorneys General Respond to COVID-19 Challenges and Maintain Strong Efforts Across Full Range of Consumer Issues*

**By Todd Leatherman, Program Counsel, NAGTRI  
Center for Consumer Protection**

The COVID-19 pandemic brought unprecedented challenges to state and territory attorneys general in 2020, including price gougers, charlatans peddling bogus treatments or cures, and companies refusing to provide refunds for cancelled travel and other events. [Read More.](#)



## NAAG Consumer Protection Spring Conference

**Save the Date!** The NAAG Consumer Protection Spring Conference will be held virtually on May 11-13, 2021. Registration details will be forthcoming at a later date.

## Attorney General Consumer Protection News & Other Items of Interest

### Multistate Actions

- A bipartisan coalition of [48 attorneys general announced a \\$573 million settlement with McKinsey & Company for its role in the opioid epidemic](#). McKinsey & Company is one of the world's largest consulting companies and allegedly advised Oxycontin maker Purdue Pharma on how to maximize profits, including by targeting high-volume opioid prescribers, using specific messaging to get physicians to prescribe more OxyContin to more patients, and circumventing pharmacy restrictions in order to deliver high dose prescriptions.
- Led by **Indiana Attorney General Todd Rokita** and **North Carolina Attorney General Josh Stein**, a bipartisan coalition of [35 attorneys general filed an amicus brief supporting robocall enforcement](#) in the U.S. Sixth Circuit Court of Appeals. The attorney general amicus [brief](#) asks the Sixth Circuit to reverse a district court case that held that the U.S. Supreme Court's 2020 ruling in *Barr v. AAPC* invalidated the Telephone Consumer Protection Act's prohibition on robocalls as to calls between 2015 and the date of the Supreme Court's decision.
- Led by **Pennsylvania Attorney General Josh Shapiro**, a multistate group of 5 attorneys general obtained a [\\$4.2 million settlement with Citibank for overcharging customers on credit card interest](#). The [agreement](#) resolves allegations that Citibank failed to reevaluate and reduce its annual percentage rate (APR) for certain credit

card accounts as required by the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act). Restitution will be distributed by a claims administrator.

### [More Multistate News from Attorney General Offices](#)

## Individual Attorney General Actions

- **Hawaii Attorney General Clare E. Connors** obtained an [\\$834 million order against Bristol-Myers Squibb and Sanofi Aventis](#) for allegedly failing to investigate and disclose the ineffectiveness of Plavix® for many patients, including Asian and Pacific Island patients. The court awarded a \$1,000 civil penalty for each of the 834,012 prescriptions sold in Hawaii from 1998 to March 2010 when the FDA required the defendants to add a “black box” warning on the label accompanying the drug.
- **Massachusetts Attorney General Maura Healey** obtained a [settlement with major student loan servicer PHEAA](#) (Pennsylvania Higher Education Assistance Agency, d/b/a FedLoan Servicing). The settlement allows Massachusetts borrowers in the federal Public Service Loan Forgiveness program to request detailed account reviews and PHEAA to make corrections, restoring borrowers to the correct eligibility status for loan forgiveness, or payments if account corrections are not possible.
- **Tennessee Attorney General Herbert H. Slatery III** [sued Food City Supermarkets, LLC for unlawful sales of opioids](#). The state’s complaint asserts that Food City’s conduct and its failure to maintain required effective controls against abuse and diversion have directly contributed to the ongoing opioid epidemic.
- **Texas Attorney General Ken Paxton** issued [civil investigative demands to Robinhood, Discord, Citadel, and other stock trading platforms](#) that suspended stock trading and investing during a period of high volume market activity related to GameStop and other stocks involved in a highly publicized “short squeeze.”
- **Washington Attorney General Bob Ferguson** reached a [\\$4.75 million settlement with LuLaRoe](#), a multi-level marketing business featuring women’s leggings and other apparel. The settlement resolves allegations that LuLaRoe was operating a pyramid scheme.

### [More News from Individual Attorney General Offices](#)

## Charities

- **California Attorney General Xavier Becerra** announced the [sentencing of an individual in an AIDS research fraud scheme](#). Donnelly Montenegro, a former acting officer of AIDS Research Alliance, pleaded guilty to portraying himself as an active staff member of the charity, which had actually dissolved, in order to steal more than \$300,000 from a donor’s estate.
- **Missouri Attorney General Eric Schmitt** obtained a [guilty plea from the president of a Shop with a Cop organization](#) for receiving stolen property in connection with her theft of more than \$18,000 from the charity.

### [More Charities News](#)

## Veterans and Military

- The U.S. Veterans Administration (VA) is [extending existing moratoriums on evictions and foreclosures and loan forbearance](#) opportunities through June 30, 2021. The current extensions were set to expire March 31, 2021.
- The VA launched [public guidance to further protect veterans' personal information](#). The new online resource outlines [nine principles](#) for communicating clear expectations on how Veteran data is to be managed and viewed by Veterans, staff, VA partners and other stakeholders.

## Legislation

- A [Congressional hearing](#) on "Safeguarding American Consumers: Fighting Fraud and Scams During the Pandemic" was held on Thursday, February 4 by the U.S. House Committee on Energy & Commerce's Subcommittee on Consumer Protection and Commerce. Central to the hearing were concerns expressed by committee members and witnesses regarding the challenge to the FTC's authority to recover restitution when using Section 13(b) of the FTC Act pending at the U.S. Supreme Court in [AMG Capital Management, LLC v. Federal Trade Commission](#). Committee members and witnesses not only expressed near unanimous support for taking action to ensure the FTC's authority to obtain restitution in Section 13(b) cases, but also discussed other potential enhancements to the FTC's authority and resources, including providing civil penalty authority and a consumer restitution fund similar to that of the CFPB. Also discussed was expanding FTC resources in terms of positions and salaries, as well as increasing the agency's budget.
- The [Virginia state legislature passed comprehensive data privacy legislation](#), making it the second state, (California is the other) to pass such legislation. The bill is expected to be signed by the Governor. The law would go into effect Jan. 1, 2023 and would be enforced by the Virginia Attorney General's Office.

[More Legislative News](#)

Read More

---

## Federal Consumer Protection News

### Federal Trade Commission

- The Federal Trade Commission (FTC) [settled with Amazon for \\$61.7 million, resolving charges it withheld some customer tips](#) from Amazon Flex drivers. One hundred percent of the \$61.7 million will be used to provide the drivers restitution.
- The FTC released its [Consumer Sentinel Network Data Book 2020](#). Consumers filed more than 2.1 million fraud reports in 2020, reporting losses of \$3.3 billion, up from \$1.8 billion in 2019. Thirty-four percent of consumers reported losing money,



up from 23 percent in 2019. Romance scams, the majority reported by consumers 50 years and older, resulted in the highest reported fraud losses: \$304 million, representing a six-fold increase over the last five years.

[More News from the FTC](#)

## Other Federal News

- The Center for Disease Control and Prevention's (CDC) nationwide temporary residential eviction moratorium has been extended, effective January 31, 2021, through March 31, 2021 by virtue of [86 Fed. Reg. 8020](#) (the Order). The original temporary eviction moratorium, which was published on September 4, 2020, expired on January 31, 2021. In addition to extending the eviction moratorium to March 31, 2021, the Order now applies to American Samoa which had reported no cases when the original order was issued. The eviction moratorium will be enforced by the U.S. Department of Justice and cooperating state and local authorities.
- The Department of Homeland Security (DHS) announced the [seizure of approximately 11 million counterfeit 3M respirator masks](#). DHS, notified about six thousand suspected victims of the fraud, in at least 12 states, including hospitals, medical facilities and others who may have purchased medical masks from illicit dealers, urging them to immediately stop using the masks and to contact DHS.

[More Federal News](#)

Read More



CENTER FOR  
CONSUMER PROTECTION

*Todd Leatherman, Program Counsel for the Center for Consumer Protection, is the editor of Center for Consumer Protection Monthly, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection.*

*Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use*

and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.

**To subscribe:** If you are aware of anyone who may have an interest in subscribing to this newsletter, please let them know they will need to create an account with NAAG and opt-in to receiving the newsletter. Once the account is set up, select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter." Please email [support@naag.org](mailto:support@naag.org) with questions.



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

**January 2021**

## Subscribing to the Center for Consumer Protection Monthly Newsletter

If you are aware of anyone who may have an interest in subscribing to this newsletter, please let them know they will need to [create an account with NAAG](#) and opt-in to receiving the newsletter. Once the account is set up, select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter." Contact [support@naag.org](mailto:support@naag.org) with any questions.



## Consumer Chief of the Month: Jason Pleggenkuhle, Minnesota

Although it has felt like a flash, in a few months I will have had the privilege to serve as an assistant attorney general in the Minnesota Attorney General's Office for a decade. From day one it has been fulfilling and renewing work, which I have only come to appreciate more deeply over time.

I grew up in the Twin Cities and was the first in my family to attend law school. After graduating from Drake University Law School in Des Moines, Iowa, I clerked for an Iowa Supreme Court justice and then returned to Minnesota and joined the Minnesota Attorney General's Office.

[Read More](#) ➔

# Article of the Month

## The Uncertain Future of TCPA Litigation

By Siobhan Canty, NAGTRI Visiting Fellow, National Association of Attorneys General

As succinctly stated by Justice Kavanaugh: "Americans passionately disagree about many things. But they are largely united in their disdain for robocalls."

And for decades now, American consumers have stood arm in arm, phones in hand, in a never-ending struggle against robocalls. Robocalls are unsolicited, often repetitive, calls with pre-recorded messages, many of which come from scam artists. YouMail Robocall Index estimates that of the approximate 3.9 billion robocalls, or roughly 124.8 million calls each day, made to Americans during the last month of 2020 alone, 39% were scams.

[Read More](#) ➔



## Scam Alert:

[Beware of Financial Exploitation of Seniors and Disabled Adults During COVID-19](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The Consumer Financial Protection Bureau (CFPB or Bureau) Taskforce on Federal Consumer Financial Law (Taskforce) [released a report with recommendations on how to improve consumer protection in the financial marketplace](#). The Taskforce report uses five interrelated principles that serve as the foundation for proposed systematic changes to the current legal and regulatory framework: consumer protection, information and education, competition and innovation, regulatory modernization and flexibility, and inclusion and access. In its report, the Taskforce makes approximately 100 recommendations to the Bureau, Congress, and state and federal regulators to strengthen consumer protection.
- The CFPB [sued 1st Alliance Lending, LLC, and its principals for alleged unlawful mortgage lending practices](#). 1st Alliance, based in Hartford, Connecticut, originated residential mortgages from 2004 to September 2019 and stopped operating in November 2019. The [Bureau's complaint](#) alleges a range of violations of the Truth in Lending Act, Fair Credit Reporting Act, Equal Credit Opportunity Act, Mortgage Acts and Practices - Advertising Rule, and the Consumer Financial Protection Act of 2010, including lack of licensure and failure to provide consumers required information about their loan application status.

## Federal Communications Commission:

- The Federal Communications Commission (FCC) [fined a robocaller nearly \\$10 million for spoofing with the intent to cause harm](#). Scott Rhodes allegedly made thousands of spoofed robocalls targeting specific communities with harmful pre-recorded messages. According to the FCC, the robocalls included "xenophobic fearmongering (including to a victim's family), racist attacks on political candidates, an apparent attempt to

influence the jury in a domestic terrorism case, and threatening language toward a local journalist." The FCC, FTC, and local law enforcement all received numerous complaints from consumers about apparently spoofed robocalls from this caller. The Truth in Caller ID Act prohibits manipulating caller ID information with the intent to defraud, cause harm, or wrongfully obtain anything of value. A [forfeiture order](#) issued by the FCC details the allegations and imposed a fine of \$9,918,000.

- The FCC issued [a declaratory ruling exempting calls seeking participants in clinical pharmaceutical trials](#). The ruling exempts such calls provided they do not include an advertisement "as long as the caller makes no more than three such calls within any consecutive 30-day period and allows the called party to opt out of future calls."

## Federal Trade Commission:

- The Federal Trade Commission (FTC) and U.S. Department of Justice (USDOJ) announced the [first enforcement actions and settlement for violations of the Better Online Ticket Sales \(BOTS\) Act](#). Enacted in 2016, the BOTS Act aims to prevent ticket brokers from buying large numbers of event tickets and reselling them to interested customers at inflated prices. To achieve that goal, the BOTS Act prohibits a person from circumventing access controls or measures used by online ticket sellers to enforce ticket-purchasing limits. It also prevents the resale of tickets obtained by knowingly circumventing access controls. As alleged in the three complaints, the defendants, Just In Time Tickets Inc. and its owner Evan Kohanian; Concert Specials Inc. and its owner Steven Ebrani; and Cartisim Corp. and its owner Simon Ebrani, committed violations of the BOTS Act to purchase from Ticketmaster thousands of tickets they then resold for millions of dollars in revenues, often at significant markups. Collectively the defendants were fined more than \$32 million but are required to pay approximately \$3.7 million if they meet certain conditions.
- The FTC [settled with the developer of a period and fertility-tracking app used by more than 100 million consumers](#) over allegations that the company shared users' health information with outside data analytics providers after promising such information would be kept private. The [proposed settlement](#) requires Flo Health, Inc. (Flo) to, among other things, obtain an independent review of its privacy practices and get app users' consent before sharing their health information. Flo must also notify affected users about the disclosure of their personal information and instruct any third party that received users' health information to destroy that data. The FTC also [issued guidance to consumers](#) about health apps, with tips for consumers on how to select and use these types of apps while reducing privacy risks.
- The FTC settled with a [developer of the photo app Ever amid allegations that it deceived consumers about its use of facial recognition technology](#) and its retention of the photos and videos of users who deactivated their accounts. As part of the proposed [settlement](#), Everalbum, Inc. must obtain consumers' express consent before using facial recognition technology on their photos and videos. The proposed order also requires the company to delete models and algorithms it developed by using the photos and videos uploaded by its users. Between July 2018 and April 2019, Everalbum allegedly represented that it would not apply facial recognition technology to users' content unless users affirmatively chose to activate the feature, however, for many users it was automatically active until April 2019 and could not be turned off. According to [the complaint](#), Everalbum also promised users that the company would delete the photos and videos of Ever users who deactivated their accounts. The FTC alleges, however, that until at least October 2019, Everalbum failed to delete the photos or videos of any users who had deactivated their accounts and instead retained them indefinitely.
- The FTC settled with a [mobile advertising company resolving allegations that it failed to provide in-game rewards users were promised for completing advertising offers](#). As part of the [proposed settlement](#), Tapjoy, Inc. is prohibited from misleading users about the rewards they can earn and must monitor its third-party advertiser partners to ensure they do what is necessary to enable Tapjoy to deliver promised rewards to consumers. Tapjoy operates an advertising platform that works within mobile games by promising in-game virtual currency, such as gold bars or diamonds, to users who complete activities including purchasing a product, signing up for a free-trial offer, providing personal information (for example, an email address), or taking a survey. In its [complaint](#), the FTC alleged that Tapjoy, which earns commissions from third-party advertisers, deceived consumers by failing in many instances to provide the reward it promised even after consumers completed the activities.
- The FTC [released year end data reporting that it distributed more than \\$482 million to more than 1.6 million U.S. consumers during 2020](#). The case that resulted in the most money returned to consumers in 2020 was a multi-agency settlement with Western Union. As a result of law enforcement actions brought against Western Union by the FTC, the U.S. Department of Justice, and the U.S. Postal Inspection Service, approximately 142,000 consumers received 100 percent of their money back, totaling approximately \$300 million. Refunds went to people who sent money via Western Union in response to romance scams, grandparent scams, advanced-fee loan scams, lottery scams, and other internet scams, and who filed complaints about having been so defrauded. The FTC's authority to obtain consumer restitution in Section 13(b) cases is currently being challenged at the U.S. Supreme Court in [AMG Capital Management, LLC v. Federal Trade Commission](#). The Court heard oral arguments in the case on January 13, 2021.



## In other federal news:

- The U.S. Department of Justice (USDOJ) [settled criminal fraud charges for \\$2.5 billion against the Boeing Company](#) (Boeing) in connection with its 737 MAX airplane. Boeing was charged with conspiracy to defraud the Federal Aviation Administration's Aircraft Evaluation Group (FAA AEG) in connection with the FAA AEG's evaluation of the 737 MAX. Under the terms of a deferred prosecution agreement, Boeing will pay a total criminal monetary amount of over \$2.5 billion, composed of a criminal penalty of \$243.6 million, compensation payments to Boeing's 737 MAX airline customers of \$1.77 billion, and the establishment of a \$500 million crash-victim beneficiaries fund to compensate the heirs, relatives, and legal beneficiaries of the 346 passengers who died in the 737 MAX crashes of Lion Air Flight 610 and Ethiopian Airlines Flight 302. Boeing admitted in court documents that through two of its 737 MAX Flight Technical Pilots it deceived the FAA AEG about an important aircraft part called the Maneuvering Characteristics Augmentation System (MCAS) that impacted the flight control system of the 737 MAX. Because of their deception, a key document published by the FAA AEG lacked information about the MCAS, and in turn, airplane manuals and pilot-training materials for U.S.-based airlines lacked information about it.
- USDOJ announced that a Las Vegas resident who participated in [a fraudulent prize-notification scheme that bilked victims out of more than \\$9 million was sentenced to federal prison](#). Andrea Burrow was sentenced to 36 months in prison, followed by 36 months of supervised release. Burrow pleaded guilty in August 2020 to conspiracy to commit mail fraud based on her participation in a scheme that preyed upon hundreds of thousands of victims, many of whom were elderly and vulnerable, with fraudulent prize notices. The notices led victims to believe that they could claim a large cash prize if they paid a fee of \$20 to \$30. Victims who paid the fees did not receive anything of value. The scheme operated from 2010 to February 2018, when postal inspectors executed multiple search warrants and USDOJ obtained a court order shutting down the fraudulent mail operation.
- The U.S. Food and Drug Administration (FDA) has placed an [import alert](#) on all alcohol-based hand sanitizers from Mexico [to help stop products containing methanol from entering the U.S.](#) until the agency is able to review the products' safety. Over the course of the ongoing pandemic, the agency reports seeing a sharp increase in [hand sanitizer products](#) from Mexico that were labeled to contain ethanol (also known as ethyl alcohol) but tested positive for methanol contamination. Methanol, or wood alcohol, is a substance that can be toxic when absorbed through the skin and life-threatening when ingested. Methanol is not an acceptable ingredient in hand sanitizer or other drugs.
- The Treasury Department and the Internal Revenue Service (IRS) [began sending Economic Impact Payments \(EIPs\) by prepaid debit card, direct deposit and check in early January](#). The IRS urged those interested in checking the status of both their first and second payments to use the [Get My Payment](#) tool, available in English and Spanish only on IRS.gov. IRS and Treasury urged eligible people who don't receive a direct deposit to watch their mail carefully during the period so that cards are not overlooked and thrown away and noted that the form of payment may differ from the prior round of stimulus payments. More information about payment cards is available at [EIPCard.com](#).

## Attorney General Consumer Protection News and Other Items of Interest

**The National Association of Attorneys General (NAAG)**, on behalf of a bipartisan coalition of 48 attorneys general led by **New Mexico Attorney General Hector Balderas** and **West Virginia Attorney General Patrick Morrisey**, sent a letter asking the U.S. Food and Drug Administration (FDA) to examine recent progress in the agency's fight against the opioid epidemic. [The letter](#) requests clarification of how the FDA is using and plans to use powers granted under the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act). Those provisions include safer opioid packaging and disposal features, research, and issuance of new regulations on non-addictive alternatives to opioids and guidelines for opioid prescribing.

**Led by New York Attorney General Letitia James**, 8 attorneys general [filed a lawsuit against the Office of the Comptroller of the Currency \(OCC\)](#) over a rule that would allegedly undermine the states' efforts to prevent predatory lenders from charging high interest rates on loans and bypassing state interest rate caps already in place. The [suit alleges](#) that OCC's new rule would enable lenders to circumvent these caps through so-called "rent-a-bank" schemes, arrangements in which national banks act as lenders in name only, partnering with non-national banks for the alleged express purpose of enabling payday lenders and other non-bank lenders to evade state consumer protection laws.

**Arizona Attorney General Mark Brnovich** [settled with an alarm monitoring company](#) over claims that the company concealed material facts from consumers, including an "early termination fee" that required consumers to pay for months or even years of future service that they would never receive. Arizona consumers will receive more than



\$227,000 in restitution as part of a settlement with Guardian Protection Services, based in Pennsylvania. **Attorney General Brnovich** [also settled an odometer rollback case providing \\$30,000 in restitution for consumers and up to \\$80,000 in civil penalties](#). The [consent judgment](#) also bars Santiago Ramirez Montelon, owner of Pacific Auto Sales from engaging in the business of selling or financing used motor vehicles or owning a used car dealership. Montelon allegedly advertised vehicles using false mileage figures on Craigslist which he sold to unsuspecting Arizona buyers.

**Arkansas Attorney General Leslie Rutledge** announced [a judgment against a Texarkana-based asphalt service company for deceptive trade practices and targeting seniors](#). In January 2020, Rutledge sued Robert Stevens, owner of Pro-Pave Asphalt, Robert Stevens Construction and RS Asphalt, for multiple violations of the Arkansas Deceptive Trade Practices Act (ADTPA) and Home Solicitation Sales Act. The [judgment](#) orders Stevens to pay \$200,000 in civil penalties for 20 violations of the ADTPA, an additional \$40,000 in enhanced penalties for targeting seniors and \$40,480 in restitution. Additionally, the court enjoined Stevens from engaging in any business related to asphalt or paving in Arkansas until all penalties, costs, and fees have been paid.

**California Attorney General Xavier Becerra** [sued Acting U.S. Secretary of Education Mitchell Zais and the U.S. Department of Education over its "Distance Education and Innovation" regulations](#). Becerra alleges the regulations allow low-quality educational programs and predatory for-profit institutions to circumvent requirements intended to prevent such schools from receiving federal student loans and Pell grants. The [complaint](#) alleges that the regulations violate the Administrative Procedures Act (APA) by requiring automatic approval of a school's application to participate in the federal student aid program if the application has been pending 12 months. The complaint also claims that regulations which permit for-profit schools to outsource 100% of a program's instruction to a different school violate the APA. An Obama era regulation capped the amount of outsourced instruction at 50%.

**Colorado Attorney General Phil Weiser** announced a settlement with a business for making [misleading claims about masks and respirators it sold and for charging unreasonably excessive prices for those products](#) during the COVID-19 public health emergency. Under [the settlement](#), Denver-based Nationwide Medical Supply Inc. agreed to injunctive relief and to pay \$70,000 for the state's costs, future enforcement, education, and public welfare purposes.

**Florida Attorney General Ashley Moody** obtained a [consent judgment permanently closing an alleged Florida diploma mill and obtaining restitution for students](#). The [court action](#) stemmed from complaints against Ellenwood Academy for marketing illegitimate high school diplomas to consumers in Florida and nationwide. The organization charged students \$195 to enroll in a purported high school program and take an exam but did not employ any faculty or provide any instruction for students. Ellenwood Academy's website allegedly falsely claimed to produce accredited high school diplomas that gave students the credentials required for most jobs. The academy issued sham diplomas when students obtained a passing score on an online exam that could be retaken as many times as needed to pass.

**Georgia Attorney General Chris Carr** obtained [\\$250,000 in civil penalties in a settlement with a locksmith company over allegations of deceptive advertising and sales practices](#). The settlement also requires King David Business Services, LLC and its owner, Asher Uziel, (collectively "King David") to make restitution to consumers who complained to the attorney general. The allegations at issue included false advertisements on multiple websites regarding the business's locality and misrepresenting the time within which the company would arrive to perform requested locksmith services. The company also allegedly charged substantially more for its services than represented in online advertisements.

**Idaho Attorney General Lawrence Wasden** [settled with a recreational vehicle rental company](#) over allegations of providing damaged vehicles, providing unnecessary repairs to allegedly damaged vehicles, and for a lack of itemized billing or work orders for purported repairs. The settlement requires changes in the business practices which gave rise to consumer complaints and payment of \$3,500 for fees and costs related to the investigation.

**Kansas Attorney General Derek Schmidt** announced the [conviction and sentencing of a man found guilty of violating Kansas securities laws](#). Michael Davin was sentenced to 48 months in prison and ordered to repay \$81,296.92 in restitution to a former client on one count of securities fraud. Davin entered a no contest plea on the charge in December and was found guilty by the court. Davin was convicted of failure to provide necessary information to an investor, including failing to disclose that he had prior felony convictions, including two for theft.

**Minnesota Attorney General Keith Ellison** obtained a [settlement with a student-loan debt-relief company that illegally collected fees from customers and misrepresented its services](#) to consumers. The [settlement](#) requires Document Assist Center, of Stanton, California, to cease operating in Minnesota and provide full refunds to its Minnesota customers. Among other things, the company is alleged to have falsely promised consumers student-loan forgiveness, when only the federal government can forgive federal student loans. The attorney general alleges that the company simply enrolled consumers in federal repayment programs that consumers can enroll themselves in for free, then pocketed both initial and monthly fees for doing so. Document Assist Center was operating without registering as a debt-settlement service provider and also allegedly collected its fees before performing the promised services which is prohibited under Minnesota law regulating debt relief services. **Attorney General Ellison** also

announced that as part of a settlement, [travel company Voyageurs International must pay \\$664,835 in full refunds to 344 Minnesota music students](#) unable to go on the company's 2020 European "Ambassadors of Music" tour. The [Assurance of Discontinuance](#) resolves an investigation by Attorney General Ellison's office into whether the company, which organizes annual tours to Europe for high-school students, fairly and truthfully communicated with and charged fees to participants related to the cancellation of its 2020 tour.

**New Hampshire Deputy Attorney General Jane E. Young** sued Trigram Education Partners, LLC ("Trigram") for [alleged deceptive acts or practices in its management and operation of the American School of Nursing and Medical Careers](#) in Manchester, New Hampshire. The complaint alleges that, between August and December 2020, Trigram repeatedly deceived students about the school's loss of accreditation, loss of higher education bond, and eviction from its campus for failure to pay rent. Additionally, the state alleges that Trigram deceptively told students that they would be refunded if they chose to withdraw from the program. However, Trigram issued a bill for payment to at least one student rather than the promised refund. The state filed a motion for preliminary injunction in an effort to immediately stop Trigram from collecting student payments. New Hampshire's board of nursing and higher education commission have both suspended authorizations to operate. The state is seeking restitution for students, injunctive relief, civil penalties, and attorney's fees.

**New Jersey Attorney General Gurbir S. Grewal** and state banking officials announced the filing of a [lawsuit and consent order to halt a sham mortgage relief scheme](#) and freeze the defendants' assets. The state's [complaint](#) alleges that a New Jersey family operated multiple companies to defraud struggling homeowners by offering them mortgage adjustment services that provided no meaningful relief and often made their precarious financial situation even worse. The corporate entities include Financial Services For America; Financial Processing Services, LLC; Tri-State Financial Relief, LLC; and Mortgage Help and Loan Audits of America, LLC, which are also named as defendants. Consumers were charged up-front rates grossly in excess of the legal limits, netting defendants well over a million dollars in profits, the suit alleges. **Attorney General Grewal** also [announced a \\$5 million settlement with Insys Therapeutics founder John Kapoor](#) over his alleged role in fueling the opioid epidemic. The settlement does not resolve the state's claims against Insys itself, which has declared bankruptcy. The recovery will be used to fund the state's efforts to combat the opioid epidemic and assist local governments affected by the epidemic.

**New York Attorney General Letitia James** announced the [arrests of two defendants charged with operating a nearly decade-long Ponzi scheme](#) that defrauded investors throughout New York and the rest of the nation of more than \$1 million. Carl R. Carro and James W. Doyle, the purported managing directors of headhunting companies Endeavor Management Solutions, LLC and Endeavor Consultancy, LLC (Endeavor), were charged with multiple crimes including money laundering, grand larceny, and securities fraud. Operating since 2012, Carro and Doyle allegedly misrepresented to investors that Endeavor was a headhunting firm hired by prestigious clients to find candidates for openings on their boards of directors. They are charged with luring investors with false promises of interviews for board positions, then offering purported no-risk investment opportunities in their firm. The two defendants allegedly promised their victims that investments would be held in an untouched cash reserve fund that purportedly held over \$1 million and guaranteed a 10 to 20 percent return on investment after 30 days. In fact, the defendants allegedly used funds for personal purposes and to repay some previously defrauded investors.

**North Carolina Attorney General Josh Stein** released the North Carolina Department of Justice's [2020 data breach report](#), showing that a record 1,644 data breaches were reported to the department last year, an increase of 36 percent from 2019. Attorney General Stein also shared a [one-page guide](#) to help North Carolinians secure their data and protect their privacy online. Breaches caused by ransomware jumped dramatically in 2020, and a total of 356 were reported to North Carolina. According to the report, the increase in ransomware incidents contributed to a continued rise in hacking breaches, which made up nearly 70 percent of all reported breaches. In 2020, nearly 1.2 million North Carolinians were affected by data breaches. Email breaches made up nearly 40 percent of all breaches in 2020, about a 10 percent drop from 2019.

**Oklahoma Attorney General Mike Hunter** [sued a company for failing to deliver personal protective equipment \(PPE\) to the Oklahoma Department of Public Health](#). The suit seeks over \$1.8 million that PPE Supplies LLC allegedly owes the state for not delivering four orders of PPE placed in March. The state alleges Casey Bradford, who is co-manager and a company owner, misrepresented to the state that if he were paid up front for half the cost of one purchase order, he could expedite the shipment of protective masks for delivery to the state within two weeks. Officials with the Department of Health made the 50 percent deposit of \$2.125 million for 1.2 million masks. After cancelling its orders, the state has only received a refund of \$300,000 of its deposit.

**Tennessee Attorney General Herbert H. Slatery III** [sued Michigan-based Labor Law Poster Service \(LLPS, Inc.\), for targeting businesses with phony mailers that appear to be sent from the government](#). The suit also names as defendants related companies including Council for Corporations, LLC and ANS, Inc. as well several members of a family that operated the entities: Joseph, Thomas, Steven, Justin, and Teresa Fata. The state's [complaint](#) alleges that under the names "Corporate Records Service" and "Tennessee Council for Corporations," Defendants Steven, Joseph, Thomas, and Justin Fata sent Tennessee business owners mailers that resemble invoices from the

government and demand large fees for documents that business owners could easily create themselves and that are not required to be filed with the state. The mailers also include misleading citations of Tennessee statutes, arbitrary due dates, and a purported Nashville return address that is really a UPS store mailbox that forwards payments to the defendants in Michigan or Florida.

**Texas Attorney General Kent Paxton** [issued civil investigative demands \(CIDs\) to five leading tech companies seeking information about policies and practices regarding content moderation](#) and more specifically, for information related to Parler, a social media application recently terminated or blocked by Google, Amazon, and Apple. Using authority under the Texas Deceptive Trade Practices - Consumer Protection Act, the CIDs were issued to [Amazon](#), [Apple](#), [Facebook](#), [Google](#), and [Twitter](#).

**Virginia Attorney General Mark R. Herring** secured a [settlement with an Arlington pharmacy for price gouging on rubbing alcohol](#). According to the [complaint](#) Joule Wellness Pharmacy allegedly violated the Virginia Post-Disaster Anti-Price Gouging Act, charging \$22 per bottle for 16-oz bottles of rubbing alcohol, allegedly a price that greatly exceeded the price at which the same or similar products were offered for sale in the business's trade area during the 10-day period before the state of emergency was declared. Joule Wellness Pharmacy allegedly purchased the bottles of rubbing alcohol from its supplier for \$12.75, and Attorney General Herring contended that this cost did not justify the price levels charged by the business. Under the terms of the [settlement](#), the defendant agrees to cease any price gouging practices, agreed to pay \$2,500 in civil penalties and attorneys' fees, and has also disgorged all profits made from the offending sales to the attorney general to permit restitution to harmed consumers.

**Washington Attorney General Bob Ferguson** announced that [a low-income housing provider will pay \\$50,000 to resolve allegations that it made illegal threats to evict tenants](#). Whitewater Creek of Hayden, Idaho agreed to a [consent decree](#) following [an August 2020 lawsuit by Ferguson](#) asserting the company violated the governor's Emergency Evictions Proclamation. The proclamation specifically prohibits landlords from threatening to evict tenants for unpaid rent during the emergency. Whitewater Creek, Inc. owns 1,000 low-income housing units across 12 housing complexes in eastern Washington, many of which were developed with tax-credit equity and tax-exempt notes authorized by the Washington State Housing Finance Commission. **Attorney General Ferguson** also [filed a lawsuit against the collegiate sorority Alpha Omicron Pi](#) for unlawfully charging University of Washington students more than \$6,000 in rent even though the students could not access or live in sorority housing due to the COVID-19 pandemic. Ferguson [alleges](#) the sorority also illegally charged late fees and threatened students with suspensions of their sorority memberships and damage to their credit if they did not pay in violation of the Emergency Evictions Proclamation.

[A compliance report by staff of the U.S. Department of Education has recommended the termination of accreditor status for the Accrediting Council for Independent Colleges and Schools \(ACICS\)](#) a national accreditation organization primarily overseeing for-profit education institutions. ACICS's accreditor status was reinstated by Secretary Betsy DeVos on November 21, 2018, reversing the department's denial of recognition by DeVos's predecessor, John B. King, Jr. in December 2016. The report concluded that ACICS "failed to demonstrate that it has competent and knowledgeable individuals, qualified by education and experience in their own right and trained by the agency on their responsibilities, as appropriate for their roles, regarding the agency's standards, policies, and procedures." DeVos's reinstatement required ACICS to submit a compliance report which was submitted on December 19, 2019 and found by department staff to be insufficient. An independent advisory board, the [National Advisory Committee on Institutional Quality and Integrity](#), will consider the staff report at its next meeting on February 24 & 25, 2021. In November 2020, **New York Attorney General Letitia James** and 22 other attorneys general [wrote Secretary DeVos a letter](#) urging the immediate termination of ACICS's recognition based on cited noncompliance with federal regulations and oversight responsibilities. Currently, 73 schools are accredited by ACICS according to the organization's website. Should the staff recommendation be followed by the NACIQI, the decision would then be presented to senior department officials for consideration. Should the department terminate recognition and ACICS appeals be denied, schools would have 18 months to obtain alternative accreditation.

The [Norwegian Data Protection Authority has notified Grindr LLC \(Grindr\) that it intends to issue an administrative fine equivalent to \\$12 million for violating European Union General Data Protection Regulation \(GDPR\) rules on consent](#). Grindr is a location-based social networking app for gay, bi, trans, and queer people. In 2020, [the Norwegian Consumer Council filed a complaint against Grindr](#), claiming unlawful sharing of personal data with third parties for marketing purposes. The data allegedly shared include GPS location, user profile data, and the fact that the user in question is on Grindr. The authority announced its preliminary conclusion that Grindr needs consent to share these personal data and that Grindr's consents were not valid. Additionally, the authority stated that because a Grindr user discusses their sexual orientation the information constitutes special category data that merit particular protection.

As part of the omnibus spending bill, [a new drug treatment court grant program](#) was announced by the U.S. DOJ Bureau of Justice Assistance (BJA). BJA is seeking applications to implement and enhance drug court services, including service coordination, management of drug court participants, and recovery support services. This program provides resources to state, local, and federally recognized tribal governments to enhance drug court programs and



systems for nonviolent offenders and veterans with addictions, including stimulant and opioid abuse and overdose. The deadline for grants.gov applications is March 3, 2021. The JustGrants Application deadline is March 17, 2020.

## Charities

- The United States Supreme Court granted certiorari in [\*Americans for Prosperity Foundation v. Becerra and Thomas More Law Center v. Becerra\*](#), cases challenging a charitable donor reporting requirement under California law. On September 11, 2018, the U.S. Court of Appeals for the Ninth Circuit held that California's donor reporting requirement does not violate the First Amendment, reversing a district court decision enjoining enforcement of the provision. On November 25, 2019, **California Attorney General Xavier Becerra** filed a [brief in opposition](#) to the cert petitions, arguing that the court of appeals had correctly rejected the organizations' constitutional challenges. The U.S. Solicitor General (SG), at the invitation of the Court, submitted an [amicus brief](#) which supports the grant of certiorari and the position of the petitioners.
- **District of Columbia Attorney General Karl A. Racine** [filed suit against a District non-profit for allegedly funneling over \\$4 million in funds to its founder and CEO](#). The lawsuit alleges that for over 12 years, Public Media Lab (PML), and Manifold Productions, Inc. (Manifold) used millions of dollars in nonprofit funds to enrich Michael Pack, the founder of Manifold and Chief Executive Officer for PML. PML, a District nonprofit corporation, funneled nearly all its funds to Manifold, a for-profit film production company. The nonprofit allegedly enabled Pack to line his company's coffers with a stream of tax-exempt dollars without subjecting Manifold to a competitive bidding process, public scrutiny, or accounting requirements regarding its spending. [The lawsuit](#) seeks to recover the funds improperly granted to Manifold, to direct those funds to suitable nonprofit public-serving purposes, and to dissolve PML. In October, Racine won a [lawsuit to resolve a dispute over control of the Open Technology Fund](#), a nonprofit connected to Michael Pack.
- **Washington Attorney General Bob Ferguson** obtained a [\\$1 million settlement with non-profit organization Veterans Independent Enterprises of Washington \(VIEW\)](#). The attorney general's claims arose from embezzlement and misappropriation allegations against a former VIEW operations manager, Rosemary Hibbler. The settlement, funded by VIEW's insurance policy, recovered the maximum allowed under the policy to pay creditors, including 74 veterans who are owed wages. The employees' claims range from \$192 to \$48,925 in unpaid wages, totaling \$310,489.37. As a result of the lawsuit, [Hibbler is barred](#) from ever working in Washington's charitable sector, or accepting a job where she handles money in any capacity. Two former board members, Donald Hutt and Gary Peterson, whose neglect allegedly allowed Hibbler's misconduct, [are also barred from working in the charitable sector](#).

## Veterans and Military News

- The CFPB [filed a proposed settlement to resolve its December 4, 2020 lawsuit against LendUp Loans, LLC \(LendUp\) alleging violations of the Military Lending Act \(MLA\)](#). LendUp is an online lender that offers single-payment and installment loans to consumers. If entered by the court, [the proposed settlement](#) would require LendUp to provide \$300,000 in redress to consumers and to pay a \$950,000 civil penalty. The Bureau's [complaint](#) alleged that since October 2016, LendUp made over 4,000 single-payment or installment loans to over 1,200 covered borrowers in violation of the MLA, including loans with an APR that exceeds the MLA's 36% interest rate cap.
- **Led by Maryland Attorney General Bryan Frosh**, a bipartisan coalition of 11 attorneys general [secured a multistate settlement with Healing Heroes Network, Inc., an organization that claimed to help wounded veterans of wars in Iraq and Afghanistan](#), but instead allegedly lined the pockets of the family behind the charity. The organization and its founders, Stacey and Allan Spiegel and their son Neal Spiegel, agreed to settle with 11 states where they solicited donations with alleged bogus promises and misleading fundraisers. The settlement resolves [allegations](#) of deceptive sweepstakes mailers and telephone solicitations to help wounded veterans. Under the terms of [the settlement](#), Healing Heroes Network, Inc. and the related organization Hero Giveaways, LLC must permanently cease all charitable solicitations to help wounded veterans, and the Spiegels have agreed to pay \$95,000 to be provided to a veterans' charity whose mission matches the representations made by the charity. The Spiegels are banned for five years from overseeing, managing, or soliciting charitable contributions for any nonprofit organization.
- **Louisiana Attorney General Jeff Landry** [obtained a permanent injunction against a company targeting veterans in a deceptive benefits assistance scheme](#). Louisiana-based VetAttend Professional Services, LLC and its owners, John Sutton and Marc Quiroz, operated a VA benefit consulting and management business without accreditation from the U.S. Department of Veteran Affairs (VA), as well as a home care business without a license from the state, according to the attorney general's complaint. VetAttend also allegedly misrepresented to veterans, their spouses, and family members that they were experts qualified to assist veterans with preparing and submitting their claims for benefits to the VA. In exchange for submitting veterans' claims to the VA, which they claimed would be done "free of charge," VetAttend required veterans

to sign three-year contracts to use VetAttend's home care services, giving all or a portion of the veterans' benefits to VetAttend. Under the terms of the judgment, VetAttend is prohibited from operating any business related to preparing and submitting claims for veterans' benefits without accreditation from the VA; operating any business that provides home care services without a license from the State of Louisiana; and accessing veterans' benefits or charging fees that are contingent on veterans' receipts of benefits. Additionally, the order requires VetAttend to cancel all related contracts and payment authorizations currently in place.



**Todd Leatherman**, Program Counsel for the [Center for Consumer Protection](http://www.consumerresources.org), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 859-753-0726.



## About NAGTRI

The **National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036  
Copyright © 2015 NAAG. All Rights Reserved.  
[Opt Out](#) | [Unsubscribe](#)



# Center for Consumer Protection Monthly

December 2020

## Subscribing to the Center for Consumer Protection Monthly Newsletter

If you are aware of anyone who may have an interest in subscribing to this newsletter, please let them know they will need to [create an account with NAAG](#) and opt-in to receiving the newsletter. Once the account is set up, select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter." Contact [support@naag.org](mailto:support@naag.org) with any questions.



## Consumer Chief of the Month: Mags Paton Walsh, Alaska

It's been a wild year here on the Last Frontier, where our office has transitioned to almost universal telework and we're bracing for a long, dark, pandemic winter. Although we've seen a handful of COVID-related scams and pursued some price-gougers, thus far the pandemic hasn't changed the consumer protection portfolio as much as we initially feared. And the hopeful news about vaccines means that the new year should bring not just the gradual return of the light to brighten our snow-time fun, but also a renewal of more social times.

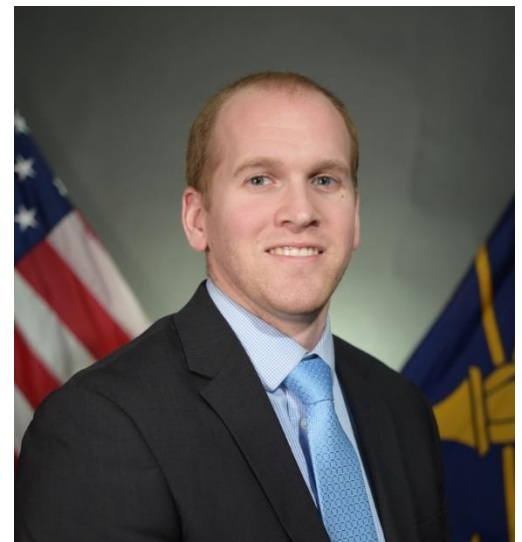
[Read More](#) ➔

## Article of the Month Flood-Damaged Vehicles: Enforcement and Education Opportunities for Attorneys General

By Mark Snodgrass, Deputy Attorney General, Indiana  
Attorney General's Office

As the U.S. ends one of the busiest hurricane seasons on record, the sale of flood-damaged motor vehicles will provide attorney general consumer protection units with plenty of opportunities for investigations, enforcement actions, and consumer education. A significant number of motor vehicles are damaged or destroyed by floods every year. Many such flood-damaged vehicles will make their way, legally and illegally, back onto the market for sale to unsuspecting consumers. In 2020, the U.S. has seen more hurricanes than any other year on record in addition to a significant number of major flooding events around the country. More storms means more flood-damaged vehicles and higher risks for consumers. For my own jurisdiction, Indiana's largest city, Indianapolis, has seen a 33% rise in flood-damaged vehicles put back into circulation since last year.

[Read More](#) ➔







## Scam Alert:

[Beware of COVID-19 Vaccine Scams](#)



## Consumer Tips:

The Center for Consumer Protection issued another installment in [its Parental Controls to Keep Children Safe Online series](#). The most recent installment provides tips on parental controls for [video game consoles](#). Prior releases include tips to utilize parental controls on [streaming services](#), [social media](#), and [mobile devices](#). The series is presented on [ConsumerResources.org](#), NAAG's consumer protection

website.

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The Consumer Financial Protection Bureau (CFPB or Bureau) announced a [\\$35 million settlement with Discover Bank, The Student Loan Corporation, and Discover Products, Inc.](#) (collectively, Discover), resolving allegations that Discover violated a 2015 Bureau order, the Electronic Fund Transfer Act, and the Consumer Financial Protection Act (CFPA). Under the settlement, Discover must pay at least \$10 million in consumer redress and a \$25 million civil penalty. The Bureau found that Discover violated the 2015 order by misrepresenting the minimum loan payments consumers owed, the amount of interest consumers paid, and other material information, such as interest rates, payments, due dates, and the availability of rewards. Discover also did not provide all the consumer redress the 2015 order required. Some consumers ended up paying more than they owed, others became late or delinquent because they could not pay the overstated amount, while others may have filed inaccurate tax returns.
- The CFPB [sued debt adjuster DMB Financial, LLC \(DMB\) for alleged violations of the Telemarketing Sales Rule](#) and the CFPA in connection with its debt-settlement and debt-relief services. [The Bureau's complaint](#) alleges that DMB requested and received fees before it performed its promised services and before consumers started payments under any debt settlement. The Bureau also alleges that, after settling individual debts, DMB collected fees based on increased debt amounts after enrollment rather than the amount of each debt at the time of enrollment and that DMB misrepresented the debt amount that it would use to determine its fees.
- The CFPB issued a [\\$5.4 million consent order against mortgage servicer Seterus, Inc.](#) for illegal practices that impeded borrowers' attempt to avoid foreclosure. Seterus and Kyanite Services, Inc. (Kyanite), as Seterus's successor in interest, allegedly took actions that delayed or deprived some borrowers of a reasonable opportunity to get their loss mitigation applications completed and evaluated. For some borrowers, the actions resulted in them failing to timely receive protections against prohibited foreclosure activities to which they were legally entitled. [The consent order](#) provides injunctive relief and requires Kyanite to pay \$4,932,525 in total redress to approximately 11,866 consumers and pay a \$500,000 civil penalty.
- The CFPB [issued a final rule to implement Fair Debt Collection Practices Act \(FDCPA\) requirements](#) regarding disclosures for consumers. [The rules](#) are the first-ever regulations implementing the FDCPA and specify certain disclosures debt collectors must provide at the outset of collection communications, including details about the consumer's debt and rights in debt collection, and information to help consumers respond. The rule requires specific steps to disclose the existence of a debt to consumers orally, in writing, or electronically, before reporting information about the debt to a consumer reporting

agency. Collectors are also prohibited from, and will be strictly liable for, suing or threatening to sue a consumer to collect a debt for which the applicable statute of limitations has passed.

## Federal Communications Commission:

- [The Federal Communications Commission \(FCC\) issued two new orders to protect residential phone customers from robocalls](#) and require phone companies to better police their networks. [In the first order](#), the FCC amended its rules to limit the number of exempted calls, such as from tax-exempt nonprofit organizations, to three calls to any residential phone within any consecutive 30-day period. Previously, there was no limit on the number of such calls. Callers are also now required to allow consumers to opt out of such calls. [In the second order](#), the FCC required terminating voice service providers to take new steps to ensure their networks are not used to transmit illegal robocalls. Voice service providers will now be required to take affirmative steps to stop illegal calls when notified of those calls by the FCC. They will also be required to aid FCC and law enforcement efforts to identify providers that originate illegal calls. The order also expanded safe harbors for providers to include network-based blocking of calls that are highly likely to be illegal and that have been identified using reasonable analytics, including caller ID authentication. The FCC requires phone companies to immediately notify callers when calls are blocked, provide a list of calls blocked to subscribers on request, and provide a status update on call blocking disputes within 24 hours.
- The FCC submitted a ["Report to Congress on Robocalls and Transmission of Misleading or Inaccurate Caller Identification Information"](#) pursuant to the Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act. The report provides information about the first year of TRACED Act implementation and enforcement activity, including action taken with state attorneys general against John C. Spiller and Jakob A. Mears, operating under the business names Rising Eagle and JSquared Telecom to make billions of spoofed robocalls.
- The FCC issued a [Notice of Proposed Rulemaking to create a robocall violation "tip line"](#) for private entities to submit information about robocalls violating sections 227(b) and 227(e) of the Communications Act. The FCC's Enforcement Bureau will monitor the Portal. Comments are due within 30 days of publication in the Federal Register.

## Federal Trade Commission:

- The Federal Trade Commission (FTC) [settled with Voice over Internet Protocol \(VoIP\) service provider Alcazar Networks Inc.](#) and its owner over charges that they facilitated tens of millions of illegal telemarketing phone calls, including calls from overseas and calls displaying spoofed caller ID numbers. The proposed settlement bars the defendants from similar misconduct in the future, imposes a \$105,000 civil penalty, and requires them to screen and monitor their customers. This is the FTC's second case against a VoIP service provider. According to the [FTC's complaint](#), Alcazar and its owner Gavin Grabias have assisted and facilitated illegal robocalls in violation of the TSR. They allegedly continued to do so even after they learned that customers were using their service to initiate calls to numbers on the FTC's Do Not Call (DNC) Registry and calls displaying spoofed caller ID numbers, including displaying "911." For example, Alcazar customer Derek Bartoli (who was the subject of an [FTC action](#) for allegedly violating the TSR), allegedly made more than 50 million illegal telemarketing calls using Alcazar's services after Alcazar learned Bartoli was calling consumers on the DNC Registry without permission to do so. In addition, many of Bartoli's calls were robocalls that displayed spoofed caller ID numbers, also in violation of the TSR. These calls used Alcazar's VoIP services during 2018 and pitched "medical alarms."
- The [FTC is sending checks totaling \\$774,755 to 13,221 consumers who bought Synovia](#), a supplement advertised and sold by A.S. Research, LLC as a treatment for arthritis and joint pain. The average refund amount is \$58.60 per consumer. According to the [FTC's complaint](#), A.S. Research made misleading health claims and used phony testimonials, including one in which a user said he "gave away his walker" after using the supplement. The FTC also alleged that the defendants told consumers they had to pay extra for a version of Synovia containing an ingredient added to increase pain relief and speed joint repair, when in fact all purchasers received that product.
- The FTC [settled charges against ten individual and corporate defendants in the Sanctuary Belize real estate scam case](#) filed in 2018. In November 2018, the FTC obtained an order temporarily shutting down the scam, the largest investment scheme the FTC had ever targeted. According to the FTC, the alleged scheme took in more than \$120 million, primarily from American consumers, with the scammers marketing lots in what supposedly would become a luxury development in Central America known by several names, including Sanctuary Belize, Sanctuary Bay, and The Reserve. The settlements require the defendants to forfeit assets, the sale of which the FTC expects to lead to significant recoveries for injured consumers.
- The FTC announced the first law enforcement [crackdown on deceptive claims in the growing market for cannabidiol \(CBD\) products](#). The FTC took action against six sellers of CBD-containing products for allegedly making a wide range of scientifically unsupported claims about their ability to treat serious health conditions,

including cancer, heart disease, hypertension, Alzheimer's disease, and others. The FTC is requiring each of the companies, and individuals behind them, to stop making such unsupported health claims immediately, and several will pay monetary judgments to the agency. The orders settling the FTC's complaints also bar the respondents from similar deceptive advertising in the future and require that they have scientific evidence to support any health claims they make for CBD and other products.

- The FTC [is issuing orders to nine social media and video streaming companies](#), requiring them to provide data on how they collect, use, and present personal information, their advertising and user engagement practices, and how their practices affect children and teens. The FTC [is issuing the orders](#) under Section 6(b) of the FTC Act, which authorizes the FTC to conduct wide-ranging studies that do not have a specific law enforcement purpose. The orders are being sent to Amazon.com, Inc.; ByteDance Ltd., which operates the short video service TikTok; Discord Inc.; Facebook, Inc.; Reddit, Inc.; Snap Inc.; Twitter, Inc.; WhatsApp Inc.; and YouTube LLC. The companies will have 45 days from the date they received the order to respond.
- The FTC has settled charges [that glue maker Chemence, Inc., and its company president James Cooke, made deceptive "Made in USA" claims](#) on pre-labeled and pre-packaged glues for trade customers. The FTC settled an [earlier suit](#) against Chemence in 2016 for making deceptive Made in USA advertising claims for products sold under its own brand names, including Kwik Fix, Hammer Tite, and Krylex. Despite Chemence and Cooke's representations, in numerous instances, foreign materials accounted for more than 80 percent of the materials costs and more than 50 percent of the overall manufacturing costs for the products. As part of the [proposed settlement](#), Chemence and Cooke are required to pay \$1.2 million to the FTC, the highest monetary judgment ever for a "Made in USA" case.
- The FTC, along with 19 federal, state, and local law enforcement partners announced a [nationwide crackdown on scams that target consumers with fake promises of income and financial independence](#) that have no basis in reality. The impact of these scams has intensified as scammers take advantage of the COVID-19 pandemic and financial crisis. Called "Operation Income Illusion," the crackdown encompasses more than [50 law enforcement actions](#) against the operators of work-from-home and employment scams, pyramid schemes, investment scams, bogus coaching courses, and other schemes that can end up costing consumers thousands of dollars.

## U.S. Department of Justice

- The U.S. Department of Justice (USDOJ) [filed a civil case against Walmart Inc., for Controlled Substances Act \(CSA\) violations related to opioids](#). The suit, filed in the U.S. District Court for the District of Delaware, alleges that, as the operator of its pharmacies, Walmart knowingly filled thousands of controlled substance prescriptions that were not issued for legitimate medical purposes or in the usual course of medical practice. [The complaint](#) also alleges that as the operator of its distribution centers, which ceased distributing controlled substances in 2018, Walmart received hundreds of thousands of suspicious orders that it failed to report as required to the U.S. Drug Enforcement Agency. The complaint alleges that this unlawful conduct resulted in hundreds of thousands of violations of the CSA. Together, the complaint alleges, these actions helped to fuel the prescription opioid crisis. The USDOJ seeks civil penalties, which could total in the billions of dollars, and injunctive relief.
- USDOJ [obtained a permanent injunction shutting down a technical-support fraud scheme](#). The consent order resolves a case filed in October 2020 and bars Michael Brian Cotter of Glendale, California, and four companies, Singapore registered Global Digital Concierge Pte. Ltd., formerly known as Tech Live Connect Pte. Ltd., Nevada registered companies Sensei Ventures Incorporated and NE Labs Inc., and New York registered KeviSoft LLC, from selling technical-support services or software via telemarketing or websites. The complaint asserted that Cotter and co-conspirators operating call centers in India bilked unsuspecting victims, many of them seniors, into paying hundreds to thousands of dollars for unwanted and unnecessary technical-support services after receiving pop up messages fraudulently claiming their devices were infected with malware.
- USDOJ [announced the extradition of a Canadian citizen from Spain to face charges of operating a massive psychic mail fraud scheme](#). Patrice Runner allegedly operated the scheme from 1994 through 2014 and defrauded over one million victims in the United States of more than \$180 million. The scheme allegedly involved sending millions of U.S. consumers, many of whom were elderly and vulnerable, letters purporting to be from two well-known French psychics, promising that the recipient had the opportunity to achieve great wealth and happiness with the psychic's assistance in exchange for payment of a fee. The letters also frequently stated that a psychic had seen a personalized vision regarding the recipient of the letter, when in fact the scheme sent nearly identical letters to tens of thousands of victims each week. Runner and his co-conspirators obtained the names of elderly and vulnerable victims by renting and trading mailing lists with other mail fraud schemes. When a victim responded to one letter, Runner and his co-conspirators sent dozens of additional letters to the victim. Each of these additional letters also appeared to be a personalized letter from a psychic and requested additional money from the victim. In fact, the psychics had no role in sending the letters, did not receive responses from the victims, and did not send the additional letters after victims paid money. Two co-conspirators previously pleaded guilty to conspiracy to commit mail fraud.



- USDOJ [charged the CEO of a medical device company with COVID-19-related securities fraud](#). Keith Berman, the CEO of California-based Decision Diagnostics Inc. (DECN), allegedly defrauded investors by making false and misleading statements about the purported development of a new COVID-19 test, leading to millions of dollars in investor losses. [The indictment](#) alleges that, from February through December 2020, Berman engaged in a scheme to defraud investors by falsely claiming DECN had developed a 15-second test to detect COVID-19 in a finger prick sample of blood. In truth, Berman knew his test was merely an idea and not a validated method of accurately detecting COVID-19, much less an actual product ready for manufacture and sale. The indictment further alleges that Berman falsely told investors that the U.S. Food and Drug Administration (FDA) was on the verge of approving DECN's request for emergency use authorization of its new COVID-19 test and hired a political consultant to lobby members of Congress, telling them in talking points that the FDA had "moth-balled" the company's submission and that it remained "stuck in limbo" at or around the same time that Berman was telling investors that the test was on the verge of approval. Between early March and April 23, 2020, DECN's stock price rose by over 1,500 percent.
- The [owner of a Texas chain of hospice companies was sentenced for operating a \\$150 million health care fraud and money laundering scheme](#), USDOJ announced. Rodney Mesquias owned and controlled the Merida Group, a large health care company that operated dozens of locations throughout Texas. According to evidence presented at trial, Mesquias and the Merida Group adopted a strategy to market their hospice programs as providing medical benefits "you don't have to die to use." They also aggressively enrolled patients with long-term incurable diseases, such as Alzheimer's and dementia, and limited mental capacity who lived at group homes, nursing homes and in housing projects. In some instances, Merida Group marketers falsely told patients they had less than six months to live and sent chaplains to lie to the patients. They also discussed last rites and preparation for their imminent death. Hospice services require patients to be suffering from a terminal illness expected to result in death within six months. Not only were patients not in such circumstances, but they were also walking, driving, working and even coaching athletic sporting events in some instances. However, Mesquias and others kept patients on services for multiple years in order to increase revenue. Placing patients on such palliative hospice care meant they were unable to obtain medical coverage for curative medical services.
- USDOJ announced [distribution of more than \\$488 million to victims of the Madoff Ponzi scheme](#). The distribution, which was the sixth the department has made from the Madoff Victim Fund, brings the total distributed to almost \$3.2 billion to nearly 37,000 victims nationwide and resulted in the recovery of more than 80 percent of victims' losses.
- USDOJ's U.S. Trustee Program (USTP) entered into national [agreements with three mortgage servicers to address past servicing deficiencies impacting homeowners in bankruptcy](#). The agreements with Nationstar Mortgage, LLC (Nationstar), U.S. Bank National Association (U.S. Bank), and PNC Bank, NA (PNC) address noncompliance with the Bankruptcy Code and Federal Rules of Bankruptcy Procedure that impacted over 60,000 accounts of borrowers in bankruptcy dating back to 2011 and resulted in payment application errors; inaccurate, missing, and untimely bankruptcy filings; and/or delayed escrow statements. Collectively, the USTP's agreements with Nationstar and U.S. Bank, and the letter of acknowledgement with PNC, provide over \$74 million to remediate over 76,000 historical servicing errors impacting borrowers in bankruptcy. The agreements also require the servicers to implement improvements in their bankruptcy operations to ensure that the errors do not recur. Most of the remediation and corrective actions have already been taken by the servicers.
- USDOJ announced [charges in an international fraudulent online puppy scam that exploited the COVID-19 pandemic](#). Fodje Bobga, a Cameroon national living in Romania operated the website [www.lovelyhappypuppy.com](#). According to the unsealed affidavit filed with the criminal complaint, from around June 2018 to the present, Fodje Bobga and others communicated by text message and email with potential victims to induce pet purchases. Following each purchase, Fodje Bobga and the co-conspirators claimed that a transportation company would deliver the puppy or other animal and provided a false tracking number for the pet, then, acting as the transportation company, claimed the pet transport was delayed and that the victim needed to pay additional money for delivery of the pet.

## In other federal news:

- The U.S. Food and Drug Administration [authorized the first direct-to-consumer COVID-19 test system](#) without a prescription. LabCorp's Pixel COVID-19 Test Home Collection Kit allows an individual to self-collect a nasal swab sample at home and then send that sample for testing to LabCorp. Positive or invalid test results are then delivered to the user by a phone call from a health care provider. Negative test results are delivered via email or online portal. The kit can be purchased online or in a store and is intended to enable users to access information about their COVID-19 infection status that could aid with determining if self-isolation is appropriate and to assist with health care decisions after discussion with a health care professional.
- [The Internal Revenue Service \(IRS\) urged people to visit IRS.gov for the most current information on the second round of Economic Impact Payments](#) rather than calling the agency or their financial institutions or tax software providers. Anyone who received the first round of payments in 2020 but does not receive a payment

via direct deposit will generally receive a check or, in some instances, a debit card. For those in this category, the payments will conclude in January 2021.

- The U.S. Senate Commerce Committee [released a report of the committee's investigation of aviation safety related to the Boeing 737 MAX and the Federal Aviation Administration's](#) (FAA) oversight of the aviation industry and management culture. According to the announcement, some of [the report's](#) more significant findings include: 1) a lack of accountability of FAA senior managers for failing to develop and deliver adequate training in flight standards despite repeated findings of deficiencies over several decades; 2) The FAA retaliated against whistleblowers instead of welcoming their disclosures in the interest of safety; 3) The Department of Transportation (DOT) Office of General Counsel failed to produce relevant documents requested by the committee; 4) The FAA repeatedly permitted Southwest Airlines to operate dozens of aircraft in an unknown airworthiness condition for several years putting millions of passengers at risk; 5) During 737 MAX recertification testing, Boeing inappropriately influenced FAA human factor simulator testing of pilot reaction times involving a Maneuvering Characteristics Augmentation System failure; and 6) FAA senior leaders may have obstructed a DOT Office of Inspector General review of the 737 MAX crashes. The committee is still reviewing the ongoing production of requested documents from the FAA and additional information being received from whistleblowers.

## Attorney General Consumer Protection News and Other Items of Interest

**Led by New York Attorney General Letitia James**, 48 attorneys general [filed an antitrust lawsuit against Facebook Inc., alleging that the company has, and continues to, illegally stifle competition to protect its monopoly power.](#) The lawsuit alleges that, over the last decade, the social networking giant illegally acquired competitors in a predatory manner and cut services to other companies posing smaller threats, depriving users of the benefits of competition and reducing privacy protections and services. The coalition is asking the court to halt Facebook's allegedly illegal, anticompetitive conduct and block the company from continuing this behavior in the future. Additionally, the coalition asks the court to restrain Facebook from making further acquisitions valued at or above \$10 million without advance notice to the plaintiff states. Finally, the court is asked to provide any additional relief it determines is appropriate, including the divestiture or restructuring of illegally acquired companies, or current Facebook assets or business lines. The multistate executive committee includes attorneys general from California, Colorado, Florida, Iowa, Nebraska, North Carolina, Ohio, Tennessee, and the District of Columbia.

**Attorneys general from California, North Carolina, Ohio and Tennessee**, joined by USDOJ representing the FTC, [settled longstanding litigation with Dish Network \(Dish\) for \\$210 million.](#) The settlement came after a successful verdict and court of appeals affirmance of Dish's liability for telemarketing violations committed by what Dish argued were third party independent contractors. The trial court rejected Dish's position and imposed a civil penalty of \$280 million. [The Seventh Circuit Court of Appeals affirmed](#) the trial court's decision but remanded, suggesting that the trial court may have erred in limiting the penalty it imposed. Dish filed a petition for writ of certiorari with the U.S. Supreme Court which was pending when [the settlement](#) was announced. The four states will receive \$84 million for violations of the Telephone Consumer Protection Act and \$126 million will go to the United States.

**Led by Colorado Attorney General Phil Weiser and Nebraska Attorney General Doug Peterson**, a bipartisan coalition of 38 attorneys general [sued Google for alleged anticompetitive conduct to maintain its monopoly power in the general search services and search advertising markets.](#) The complaint, filed by the attorneys general in U.S. District Court for the District of Columbia, alleged that through a series of exclusionary contracts and other anticompetitive conduct, Google has deprived consumers of competition that could lead to greater choice and innovation, as well as better privacy protections. The coalition also accused Google of exploiting its market position to accumulate and leverage data to the detriment of consumers. The attorneys general ask the court to halt Google's allegedly unlawful conduct and impose remedies that are necessary to restore a competitive marketplace including divestitures of assets, if appropriate. The attorneys general simultaneously filed a motion to consolidate the case with the pending case filed by USDOJ.

**Led by Texas Attorney General Ken Paxton**, [a separate group of 10 attorneys general sued Google for antitrust violations relating to Google's advertising practices displayed on third-party sites.](#) According to [the complaint](#), Google monopolized or attempted to monopolize products and services used by advertisers and publishers in online-display advertising. The complaint, filed in the U.S. District Court for the Eastern District of Texas, also alleges that Google engaged in false, misleading, and deceptive acts while selling, buying, and auctioning online-display ads. These anticompetitive and deceptive practices allegedly diminished publishers' ability to monetize content, increased advertisers' costs to advertise, and directly harmed consumers.

**Led by Illinois Attorney General Kwame Raoul and Iowa Attorney General Tom Miller**, 51 attorneys general along with the CFPB and state banking regulators reached a [\\$86.3 million settlement with Nationstar Mortgage](#), the fourth-largest mortgage servicer in the U.S. [The consent judgment](#) provides approximately \$79.2 million in relief affecting 55,814 loans nationally. It covers conduct by Nationstar occurring from Jan. 1, 2011, until Dec. 31, 2017. In 2012, Nationstar began purchasing mortgage servicing portfolios from competitors and grew quickly. As loan data was transferred to Nationstar, however, borrowers who had sought assistance with payments and loan modifications sometimes fell through the cracks, [the lawsuit alleged](#). Borrowers in this category will receive a guaranteed minimum payment of \$840 as part of the settlement. Other borrowers suffered damages when Nationstar failed to oversee third-party vendors hired to inspect and maintain properties owned by delinquent borrowers and improperly changed locks on their homes, the lawsuit alleged. These borrowers will receive a guaranteed minimum payment of \$250. A settlement administrator will send a claim form to eligible borrowers in 2021. Nationstar has already provided some of the relief outlined in the settlement.

**Led by Illinois Attorney General Kwame Raoul**, a bipartisan coalition of 30 attorneys general [filed an amicus brief in the U.S. Supreme Court supporting the FTC's right to obtain restitution](#) for victims of deceptive practices in cases filed under Section 13(b) of the FTC Act. [The brief](#) was filed in *AMG Capital Management v. FTC*. Recent decisions by the Seventh Circuit Court of appeals in *Federal Trade Commission v. Credit Bureau Ctr., LLC*, 937 F.3d 764 (7<sup>th</sup> Cir. 2019) and the Third Circuit in *FTC v. AbbVie*, 976 F.3d 327 (3d Cir. 2020) have created a split in circuits on the issue of whether restitution is an available remedy in such cases. In the brief, Raoul and the coalition argue that the FTC's authority to seek restitution, which most often takes the form of refunds or other monetary payments to consumers, is critical to combating anticompetitive, unfair, and deceptive trade practices for the protection of consumers. Prior to the decisions by the Seventh and Third circuits, eight circuit courts had recognized the FTC's right to obtain restitution in Section 13(b) cases. The case is set for oral argument on January 13, 2021.

**Led by Vermont Attorney General T.J. Donovan**, a bipartisan coalition of 28 attorneys general [settled with Sabre Corporation resolving an investigation into the 2017 data breach](#) of Sabre Hospitality Solutions' hotel booking system. The breach exposed the data of approximately 1.3 million credit cards. The settlement requires a payment of \$2.4 million and injunctive relief. On June 6, 2017, Sabre informed its hotel customers of a data breach that had occurred between August 2016 and March 2017. Notice to consumers was provided by the hotels, resulting in some notices being issued as late as 2018, and some consumers receiving multiple notices stemming from the same breach. [The settlement](#) requires Sabre to include language in future contracts with hotels that specifies the roles and responsibilities of both parties in the event of a breach and requires Sabre to try to determine whether its customers have provided notice to consumers. Other terms of the agreement relate to system security requirements and breach response plans including a third-party security assessment.

**Led by New York Attorney General Letitia James**, a bipartisan coalition of seven attorneys general reached a [\\$2 million agreement with CafePress to resolve a 2019 data breach that compromised the personal information of approximately 22 million consumers nationwide](#). CafePress, an online retailer of stock and user-customized products, failed to take thorough action for months after learning users' personal information was vulnerable. The breach compromised consumers' names, email addresses, passwords, physical addresses, and phone numbers, as well as, in some cases, sellers' full, unencrypted Social Security or tax identification numbers. The [settlement agreement](#) contains remedial conduct provisions including timely incident response and consumer notification requirements in the event of future breaches and third-party security assessments for the next five years.

**Led by Connecticut Attorney General William Tong**, a bipartisan coalition of 28 attorneys general [sent a letter urging the U.S. Department of Health and Human Services \(HHS\) to protect access to affordable prescriptions for low-income patients](#). The 340B Drug Pricing Program requires drug manufacturers to provide discounted drugs to eligible health centers and hospitals, including community health centers, nonprofit and public hospitals, and Ryan White HIV/AIDS clinics, helping providers keep costs low even as prescription drug prices rise. In [the letter](#), the attorneys general argue that by withholding or threatening to withhold these critical discounts, drug manufacturers Eli Lilly & Company, AstraZeneca PLC, Sanofi SA, Novartis Pharmaceuticals, Merck & Co., United Therapeutics Corp., and others, put low-income patients at risk of losing access to affordable medications while communities continue to battle the COVID-19 pandemic. The letter urges HHS to use the authority Congress provided it to hold drug manufacturers accountable to their legal obligations under the 340B Program.

**Led by District of Columbia Attorney General Karl Racine**, a coalition of 23 attorneys general [filed an amicus brief in FCC v. Prometheus Radio Project before the U.S. Supreme Court](#), voicing concern with the FCC's repeal of rules designed to promote diversity and local ownership in broadcast media. [In the brief](#), the attorneys general argue that the FCC's new rules will decrease representation of minority communities in local media and lead to greater media consolidation, threatening local news. Further, they assert that the U.S. Court of Appeals for the Third Circuit, which previously heard this case, correctly concluded that the FCC neglected to consider how repealing these rules would impact diversity in media ownership. The coalition is asking the Supreme Court to affirm the Third Circuit's holding



that the FCC's pre-existing broadcast ownership rules are in the public interest, and that the agency's changes to those rules are arbitrary and capricious.

**Arizona Attorney General Mark Brnovich** sued Phoenix companies [Auction Nation, LLC and Auction Yard, LLC, and their principals for allegedly deceiving online bidders](#). [The lawsuit alleges](#) Auction Nation and Auction Yard, by unfairly and deceptively bidding in their own auctions, falsely drove up prices for items and, as a result, collected millions of dollars from legitimate auction participants who were unaware the "house" was manipulating the auction process.

**Arkansas Attorney General Leslie Rutledge** applauded [the U.S. Supreme Court's unanimous decision upholding Arkansas' regulation of Pharmacy Benefit Managers \(PBMs\)](#). Industry opponents had claimed that the PBM regulations were preempted by the Employee Retirement Income Security Act of 1974 (ERISA). [The Supreme Court reversed](#) the Eighth Circuit Court of Appeals which [had affirmed](#) the Arkansas trial court's dismissal of the case based on ERISA preemption.

**California Attorney General Xavier Becerra** [sued five companies for selling seafood products containing lead and cadmium without a warning](#). The suit was filed against five importers, distributors, and wholesalers of seafood for violations of state Proposition 65 and California's Unfair Competition Law. Testing conducted by the California Department of Justice revealed levels of lead and cadmium in the companies' fresh and frozen packaged seafood products that triggered the requirement to provide a Proposition 65 warning. However, [the suit alleges](#) that the companies failed to protect consumers from, or warn them about, lead and cadmium present in their products and the risks the chemicals pose. The defendants are Pacific American Fish Company, Rhee Bros, Seaquest Seafood Corporation, Jayone Foods, and Clearwater Seafoods.

**Maryland Attorney General Brian E. Frosh** announced an [\\$18 million settlement with RBS Financial Products, Inc. \(RBS\) over claims of misleading investors in residential mortgage-backed securities](#). The [consent order](#) resolves claims that RBS, a subsidiary of the Royal Bank of Scotland, misled investors in its issuance and underwriting practices which contributed to the 2008 financial crisis. Maryland state and local governments invested in the securities and suffered millions of dollars of losses. Eligible state agencies and local governments will be able to submit claims for reimbursement of losses from the \$18 million settlement.

**Massachusetts Attorney General Maura Healey** announced that a Massachusetts travel company will provide more than [\\$100,000 in refunds to more than 450 families for students whose educational tours were cancelled due to the COVID-19 pandemic](#). Since the start of the COVID-19 pandemic, Healey's office has secured nearly \$12 million in total travel refunds from various companies, resulting in payments to more than 6,000 consumers in Massachusetts. Pursuant to an [assurance of discontinuance](#), Carousel Student Tours, Inc. will provide \$101,325 in cash refunds to 471 families who booked trips for students through its services. **Attorney General Healey** also issued an [advisory on COVID-19-related surcharges at dental practices](#). [The advisory](#) notifies consumers and dental practices about their rights and responsibilities concerning additional fees the practices charge for COVID-19 infection control such as personal protective equipment and related materials.

**North Dakota Attorney General Wayne Stenehjem** [issued a cease & desist order against Joseph Elkhatib, dba Sports Media Marketing](#), of Fort Worth, Texas, for violations of the state's consumer fraud law, do not call law, and charitable solicitations laws. According to [the order](#), Elkhatib and his companies make calls to local merchants falsely claiming to represent a high school in the area, and then solicit donations and sales claiming to benefit the school's fundraising activities. In fact, complaints elsewhere in the country indicate that products such as promotional cups and banners are never actually delivered to the business sponsors as promised. Elkhatib uses several other business names in his alleged fraudulent activities, including Boost Sports Integrative Media LLC, High School Sports Advertising, and Sports Media Advertising. Elkhatib did not cooperate with the Attorney General's initial inquiry, and ignored a formal demand for information about his activities in North Dakota according to the order.

**Pennsylvania Attorney General Josh Shapiro** [shut down a California-based company that was allegedly operating an illegal student loan forgiveness scheme](#). The [settlement](#) with Unified Holding Group, LLC, d/b/a "Student Education Center" (SEC) requires the company to cease operations in Pennsylvania, refund \$74,000 in fees Pennsylvania consumers paid the company, and pay \$50,000 in costs and penalties. According to the Commonwealth's investigation, SEC made telephone solicitation calls to consumers offering their services to reduce or eliminate consumers' student loan debt. The company used false advertising tactics on its website and posted fraudulent reviews, purporting to be from customers all over the country, on the Better Business Bureau's website. SEC's website stated that once a consumer was approved, they were "all set up with the new servicer," when, in fact, SEC was not a servicer and typically did not change the borrower's servicer. The AVC also alleges that SEC tricked more than 200 consumers into paying hundreds to thousands of dollars in fees for enrolling them into Income Driven Plans ("IDR"), which are free to enroll in.

**Tennessee Attorney General Herbert H. Slatery III** announced a [settlement with Walker Stalkers, LLC and its CEO, James Frazier](#). James Frazier began operating Walker Stalkers, LLC in 2013 and put on dozens of "Walker Stalker Con" and "Fan Fest" events in the United States and London, United Kingdom. The events were opportunities for fans to meet famous actors and artists associated with the popular television program, "The Walking Dead," as well as other well-known television shows. Beginning in 2018, however, several of the conventions were cancelled and the refunds promised to ticketholders never materialized. In February 2020, the [Tennessee Attorney General's Office sued](#) Walker Stalkers, LLC and Mr. Frazier, alleging that the failure to provide the promised refunds constituted a deceptive business practice. In October 2020, Mr. Frazier sold Walker Stalkers to 3fams Productions, a company that runs similar fan conventions. A portion of proceeds from future online Walker Stalker events will be used to reimburse consumers. As part of [the settlement](#), the state has arranged for an administrator, funded by Mr. Frazier, to oversee a restitution website portal that will be established to accept claims and refund eligible consumers.

**Washington Attorney General Bob Ferguson** [announced the results of a sweep cracking down on illegal internet vaping sales](#) into Washington. As a result of the sweep, five companies caught violating Washington's age verification law, including one based in Spokane, will pay a total of \$132,000 to the Attorney General's Office, which will go toward continued enforcement of the law. Moreover, the five companies entered into legally binding agreements to change their advertising and online sales practices to comply with Washington's youth access law. Investigators from the Attorney General's Office assembled a list of 148 online sellers of vapor products and then posed as minors or used false identifying information and attempted to make purchases of nicotine-containing vapor products. Washington's law requires stringent age verification for online sales of vapor products. For example, vapor product sellers must verify the buyer's age using a third-party service to crosscheck and confirm the buyer's identity. Seven of the 148 targets illegally sold products to the Attorney General's investigators without verifying the ages of the purchasers, including one that completed the sale even when the investigator indicated they were 17 years old. **Attorney General Ferguson** also announced that music travel company [Voyageurs International must pay more than \\$464,000 for full refunds to 235 Washington students](#) who signed up for the company's 2020 European tours. The Colorado-based company, which organizes yearly tours to Europe for high-school musicians, unlawfully charged each of the 235 Washington students at least \$1,900 in cancellation penalties after the COVID-19 pandemic resulted in the company cancelling its July 2020 European tours and imposed additional allegedly unlawful fees for other student trips.

**Wyoming Attorney General Bridget Hill** resolved a consumer protection and pyramid distributor law enforcement action against five individuals and four entities: Free-Mart, LLC, FreeMartAds, Inc., and ShopFreeMart, LLC, located in Wyoming, and ShopFreeMart, LLC located in North Carolina. Under the terms of a [consent judgment and settlement agreement](#), Free-Mart, LLC agreed to pay civil penalties of \$500,000 and the individual defendants agreed to collectively pay \$50,000 to the state. Additional injunctive terms required all defendants to agree to cease conducting business in Wyoming and for the Wyoming businesses to permanently dissolve and provide the opportunity for full refunds to all Wyoming consumers.

## Charities

- **Led by Arkansas Attorney General Leslie Rutledge**, 16 attorneys general filed an [amicus brief in support of the National Rifle Association \(NRA\)](#) in [a case the NRA filed against New York Attorney General Letitia James](#) alleging violation of U.S. and New York constitutional rights to free speech and association, among others. [The amicus](#) was filed in support of the NRA's opposition to New York's motion to dismiss.

## Legislation

- The [Omnibus Spending Bill](#) passed by Congress, which overrode a presidential veto, included consumer protection legislation in addition to authorization for extended unemployment benefits and stimulus payments for citizens. The "No Surprises Act," passed as part of the spending bill, restricts "surprise" or "balance" billing by medical providers on out of network services that extends to emergency air ambulance services, but not ground ambulances. The law also protects consumers from surprise billing in non-emergency situations. The law takes effect January 1, 2022. The COVID-19 Consumer Protection Act, also part of the spending bill, prohibits engaging in deceptive acts or practices associated with "treatment, cures, prevention, mitigation or diagnosis of COVID-19" or a government benefit related thereto in violation of the FTC Act for the duration of the public health emergency.

## Veterans and Military News

- The CFPB issued a [consent order against Omni Financial of Nevada, Inc. \(Omni\) for requiring loan repayment by allotment in violation of the Military Lending Act](#), and violations of the Electronic Fund Transfer Act, and CFPA. Omni operates using the names Omni Financial and Omni Military Loans and specializes in lending to consumers affiliated with the military. It originates tens of thousands of loans each year, with individual loans typically ranging from \$500 to \$10,000. The consent order requires that Omni pay a \$2.175 million civil penalty and imposes injunctive relief to stop ongoing violations and prevent future violations.



**Todd Leatherman**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

**About NAGTRI**

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**November 2020**



### Consumer Chief of the Month: Fred Nishihira, Guam

I love island life. There is just something about that equal balance of peaceful nature and a hint of modern living that an island like Guam provides. Growing up, it was a simple rule of surf day Fridays, hitting the boat shop after school for work, and attending regular family gatherings as often as possible. It is a good life and definitely one that I wanted to raise my family in.

[Read More](#) ➔

### Article of the Month Applying Corporate Techniques to Improve Performance and Change Culture

**By Chuck Harder, Deputy Attorney General, Arkansas  
Attorney General's Office**

In May 2017, Arkansas Attorney General Leslie Rutledge asked me to lead the Public Protection Department ("PPD" or "Department"). General Rutledge wanted to change the culture and management of the Department. I had spent 28 years working for public utilities, and for the last decade, I had been collaborating with others to develop and execute legal, regulatory, and legislative strategies to support business goals and objectives. The following summarizes how processes and tools commonly used in the corporate world were applied to PPD to improve performance and change the Department's culture.

[Read More](#) ➔







## Scam Alert:

[Tennessee Division of Consumer Affairs Issues Scam Warning to Seniors](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The Consumer Financial Protection Bureau (CFPB or Bureau) [sued Driver Loan, LLC, and its chief executive officer, Angelo Jose Sarjeant](#), for allegedly engaging in deceptive acts or practices in taking deposits from and offering credit to consumers, typically drivers who work with ride-share companies. Driver Loan offers short-term, high-interest loans of between \$100 and \$500 to consumers funded by deposits made by other consumers who are promised a 15% return on their deposits. [The Bureau alleges](#) that Driver Loan and Sarjeant violated the Consumer Financial Protection Act (CFPA) by [misrepresenting the risks associated with the deposit product it offered to consumers and by misrepresenting the annual percentage rate for the loans as being 440% when the actual rates are about 975%.](#)
- The CFPB [sued two companies for deceptive student loan debt management services](#), Performance SLC, LLC, Performance Settlement, LLC (PSettlement), and Daniel Crenshaw, the owner and CEO of the two companies. [The Bureau's complaint](#) alleges the defendants charged illegal advance fees to student loan borrowers seeking to obtain loan consolidation, loan forgiveness, or income-driven repayment plans in violation of the Telemarketing Sales Rule (TSR). The complaint also alleges they failed to make required disclosures in violation of the TSR. The Bureau also alleges that PSettlement and Crenshaw used deceptive tactics in violation of the CFPA to induce consumers to sign up for PSettlement's services.
- The CFPB obtained a [\\$7.5 million settlement with SMART Payment Plan, LLC \(SMART\)](#), to resolve allegations that the company's disclosures of its loan payment program contained misleading statements in violation of the CFPA. SMART, based in Austin, Texas, operates a loan payment program for auto loans, called the SMART Plan, that deducts payments from consumers' bank accounts every two weeks and then forwards these payments every month to the consumers' lenders. SMART claimed to provide consumers individualized "benefits summaries" that stated a specific amount of interest or other savings consumers would get by enrolling in the SMART Plan, but because SMART's fees would ordinarily exceed the savings, its disclosure misled consumers as to the savings from the product. [The consent order](#) imposes a judgment requiring SMART to pay \$7,500,000 in consumer redress and other terms to prevent future violations.
- The CFPB [issued its final Advisory Opinions Policy \(Policy\)](#) to publicly address regulatory uncertainty in the Bureau's existing regulations and provide guidance to entities on outstanding regulatory uncertainty. Under the final Policy, any person or entity can submit a request for an advisory opinion via email to [advisoryopinion@cfpb.gov](mailto:advisoryopinion@cfpb.gov). The Bureau will review the submissions received, prioritize certain requests for response, and issue opinions with a description of the incoming request. The Bureau may also decide to issue advisory opinions on its own initiative. The Bureau will publish all advisory opinions in the Federal Register and on its website at: <https://www.consumerfinance.gov/compliance/advisory-opinion-program/>. The Bureau also issued its first two advisory opinions. [The first opinion](#) advises that Regulation Z does not apply to "earned-wage access" products. [The second opinion](#) advises that certain education loan products that refinance or consolidate federal or private education loans are subject to disclosure and other requirements in subpart F of Regulation Z.

## Federal Trade Commission:

- The Federal Trade Commission (FTC or Commission) announced a [settlement with Zoom Video Communications, Inc. \(Zoom\) that will require the company to implement a robust information security program](#) to settle allegations that Zoom engaged in a series of deceptive and unfair practices that undermined the security of its users. As part of [the settlement](#), Zoom has agreed to a requirement to establish and implement a comprehensive security program, a prohibition on privacy and security misrepresentations, and other relief to protect its user base, which skyrocketed from 10 million in December 2019 to 300 million in



April 2020 during the COVID-19 pandemic. In its [complaint](#), the FTC alleged that, since at least 2016, Zoom misled users by touting that it offered "end-to-end, 256-bit encryption" to secure users' communications, when in fact it provided a lower level of security. End-to-end encryption is a method of securing communications so that only the sender and recipient(s)--and no other person, not even the platform provider--can read the content. In reality, the FTC alleges, Zoom maintained the cryptographic keys that could allow Zoom to access the content of its customers' meetings, and secured its Zoom Meetings, in part, with a lower level of encryption than promised.

- Following a public comment period, the FTC approved a final consent agreement [settling charges regarding misleading online product reviews](#). The [FTC complaint](#) alleged that Sunday Riley Modern Skincare, LLC (Sunday Riley Skincare) and its CEO, Sunday Riley, misled consumers by posting fake reviews of the company's products online, at the CEO's direction, and by failing to disclose that the reviewers were company employees. [The consent order](#) imposes terms prohibiting representations regarding endorsements and requires disclosure of material connections between endorsers and the company, but imposed no financial requirements. The Commission voted 3-2 in favor of the settlement. Commissioners Chopra and Slaughter voted against the settlement. [Chopra](#) (joined by Slaughter) and [the majority](#) issued separate statements regarding the settlement.
- At the FTC's request, a federal court in Ohio has issued a [temporary restraining order](#) against [25 counterfeit websites](#) that allegedly have been playing on consumers' COVID-19 pandemic fears to trick them into paying for Clorox and Lysol products that the defendants never deliver. [According to the FTC's complaint](#), since at least July 2020, the defendants' counterfeit websites, designed to look like genuine sellers offering Clorox and Lysol products, have been aimed at consumers urgently seeking cleaning and disinfecting products. The FTC complaint alleges that none of the defendants' websites are owned by, affiliated with, or authorized by the companies that make Clorox and Lysol, and that none of the consumers who paid for cleaning and disinfecting products ever received what they ordered.
- The FTC sent [letters warning 20 more marketers nationwide to stop making unsubstantiated claims](#) that their products and therapies can prevent or treat COVID-19. This is the ninth set of warning letters the FTC has announced as part of its ongoing efforts to protect consumers from health-related COVID-19 scams. In all, the Commission has sent [similar letters to more than 330 companies and individuals](#). Some of the most recent letters target products and "treatments" the FTC has warned companies about previously, including intravenous (IV) Vitamin C infusions, ozone therapy, and supplements. In this round of mailings, warning letters also went to companies claiming, without substantiation, that everything from copper water bottles to personal training, bead bracelets, and water filtration systems can fight the disease.
- The FTC sent a [warning letter](#) to [a company that markets financial aid prep assistance to post-secondary students](#), notifying the company that it could potentially be misleading consumers about access to a coronavirus relief program. The letter to the operators of Frank Financial Aid (Frank) questions the company's claims that it gives students "everything you need" to apply for emergency grants available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and that there are four identified eligibility criteria for the emergency relief. In fact, as the FTC's letter notes, Frank's purported assistance to students consists primarily of providing a form letter that may lack the information students would need to apply for one of the grants from their school. The FTC's letter also warns Frank about offers of cash advances that can be paid back "when your financial aid comes in" and with "no interest, no fees - ever." The letter notes that the company's terms appear to require the advance to be paid back within 61 days, whether or not the student has received any aid from their college or university by that time. Additionally, Frank charges a \$19.90 monthly fee, according to the FTC's letter.
- The FTC [settled with admitted student loan debt relief scammer Brandon Frere](#) and his companies, including Ameritech Financial. [The agreement](#) settles charges the defendants misled approximately 40,000 consumers about lowering their student loan debt. According to the [FTC's 2018 complaint](#), Frere and his companies sent personalized mail to consumers that falsely claimed they were eligible for federal programs that would permanently reduce their monthly debt payments to a fixed low amount or result in total loan forgiveness. The FTC alleged that Frere and his companies charged up to \$800 in illegal up-front fees to enroll consumers in a federal loan assistance program. They also charged consumers \$100-\$1,200 in advance fees for enrollment in a "financial education" program, followed by ongoing \$49-\$99 monthly membership fees for the life of the loan, which typically is 10-25 years. The order bans Frere and his companies from providing debt relief services and prohibits them from violating the TSR. Frere pleaded guilty in December 2018 to two counts of wire and mail fraud and agreed to forfeit funds to resolve a criminal complaint filed by the U.S. Department of Justice. In July 2020, a U.S. district court judge sentenced Frere to 42 months in prison. The court will [hold a restitution hearing](#) on December 18.
- The FTC is sending refunds totaling nearly \$1.5 million to individuals who were affected by [allegedly unlawful financing and sales practices](#) by Bronx Honda. According to the FTC, Bronx Honda and its general manager [told sales employees to charge higher financing markups and fees to African American and Hispanic customers](#). The defendants told employees that these groups should be targeted due to their limited education, and not to attempt the same practices with non-Hispanic white consumers. The FTC further alleged that Bronx Honda failed to honor advertised sale prices, changed the sales price on paperwork in the middle of the sale without telling the consumer, double-charged consumers for taxes and fees, and misrepresented to consumers that they were required to pay extra reconditioning and warranty fees to

purchase "certified" vehicles. The FTC is providing refunds, averaging about \$371 each, to 3,977 victims of Bronx Honda's practices.

- [The FTC settled with a debt collection company](#) that allegedly placed bogus or highly questionable debts onto consumers' credit reports to coerce them to pay the debts. Under the settlement, Midwest Recovery Systems (Midwest Recovery), [is prohibited from the practice, known as "debt parking,"](#) and required to delete the debts it previously reported to credit reporting agencies. [The FTC alleged](#) that Midwest Recovery collected more than \$24 million from consumers on such debts, largely by debt parking. Also known as "passive debt collection," debt parking can result in a consumer only finding out that a purported debt exists when their credit report is accessed in connection with buying a car or home, opening a credit card, or seeking employment. While the debts may not be valid, consumers can feel pressured to pay them off. The Commission vote authorizing the staff to file the complaint and stipulated final order/injunction was 4-1, with [Commissioner Rohit Chopra voting no and issuing a statement](#). [Commissioner Rebecca Kelly Slaughter issued a concurring statement](#). Chopra and Slaughter's statements, inter alia, criticized the settlement's failure to "meaningful" relief due to the defendants' lack of funds and encouraged collaboration with the CFPB on such cases in order to access the Bureau's civil penalty redress funds.

## In other federal news:

- The U.S. Department of Justice (USDOJ) announced that [opioid manufacturer Purdue Pharma LP \(Purdue\) pleaded guilty in federal court](#) in Newark, New Jersey, to conspiracies to defraud the United States and violate the anti-kickback statute. Purdue admitted that from May 2007 through at least March 2017, it conspired to defraud the United States by impeding the lawful function of the Drug Enforcement Administration (DEA). Purdue represented to the DEA that it maintained an effective anti-diversion program when, in fact, Purdue continued to market its opioid products to more than 100 health care providers whom the company had good reason to believe were diverting opioids. Purdue also admitted it conspired to violate the federal anti-kickback statute by making payments to two doctors through Purdue's doctor speaker program to induce those doctors to write more prescriptions of Purdue's opioid products. Under the terms of the plea agreement, Purdue agreed to the imposition of the largest penalties ever levied against a pharmaceutical manufacturer, including a criminal fine of \$3.544 billion and an additional \$2 billion in criminal forfeiture. Purdue has also agreed to a civil settlement that provides the United States with an allowed, unsubordinated, general unsecured bankruptcy claim for recovery of \$2.8 billion to resolve its civil liability under the False Claims Act. Separately, the Sackler family has agreed to pay \$225 million in damages to resolve its civil False Claims Act liability.
- USDOJ announced the [sentencing of Indivior Solutions, requiring the company to pay \\$289 million](#) in criminal penalties in connection with a previous guilty plea related to the marketing of the opioid-addiction-treatment drug Suboxone. The company falsely claimed that its Suboxone Film product had the lowest rate of accidental pediatric exposure of all similar drugs. Altogether, Indivior Solutions will pay \$600 million to resolve its civil and criminal liability in this matter. In total, the payments made by Indivior Solutions and its parent companies, Indivior Inc. and Indivior plc, along with payments made under a 2019 resolution with Indivior's former parent, Reckitt Benckiser Group plc, and criminal penalties paid pursuant to plea agreements with two former Indivior executives will exceed \$2 billion.
- USDOJ [filed suit to halt the sale of an unapproved "nano silver" product](#) previously touted as a COVID-19 treatment, by a New Jersey entity. USDOJ alleged that Natural Solutions Foundation, Dr. Rima Laibow, and Ralph Fucetola sold and distributed a nano silver product that the defendants claim will cure, mitigate, treat, or prevent COVID-19. Defendants' nano silver product purportedly contains silver particles in a solution. According to the government's complaint, nano silver is not generally recognized as safe and effective by qualified experts for the use promoted by the defendants.
- The Federal Communications Commission (FCC) announced that [T-Mobile will pay a \\$200 million penalty in connection with Sprint's implementation of the FCC Lifeline program](#) which helps make phone and broadband services more affordable for low-income consumers. The payment is the largest fixed-amount settlement the FCC has ever secured to resolve an investigation. The settlement comes after an investigation into reports that Sprint, prior to its merger with T-Mobile, was claiming monthly subsidies for serving approximately 885,000 Lifeline subscribers even though those subscribers were not using the service, in potential violation of the FCC's "non-usage" rule. The matter initially came to light in an investigation by the Oregon Public Utility Commission. In addition to paying a \$200 million civil penalty, Sprint agreed to a compliance plan to help ensure future adherence to the FCC's rules for the Lifeline program.
- The FCC imposed a [nearly \\$10 million fine against a telemarketer for spoofed robocalls that targeted a California Assembly candidate](#). The telemarketer, Kenneth Moser and his company, Marketing Support Systems, allegedly made 47,610 unlawful robocalls, spoofing a competitor's telephone number over a two-day period shortly before California's 2018 primary election and allegedly transmitted false accusations against a candidate for the California State Assembly.

# Attorney General Consumer Protection News and Other Items of Interest

**Led by Iowa Attorney General Tom Miller and Ohio Attorney General Dave Yost, [49 attorneys general urged Congress to extend CARES Act funding until the end of 2021](#).** One of the restrictions placed on the funding limits the money's use to expenses incurred between March 1, 2020, and December 30, 2020. By extending the deadline, communities nationwide will be able to be more strategic with the use of CARES Act funds, the attorneys general said.

**Led by Arizona Attorney General Mark Brnovich, Arkansas Attorney General Leslie Rutledge and Indiana Attorney General Curtis Hill,** a bipartisan coalition of 34 attorneys general announced [a \\$113 million multistate settlement with Apple, Inc. regarding Apple's 2016 decision to throttle consumers' iPhone speeds](#) to address unexpected shutdowns in some iPhones due to battery issues. The attorneys general allege that Apple's concealment of the battery issues and decision to throttle the performance of consumers' iPhones led to Apple profiting from selling additional iPhones to consumers whose phone performance Apple had slowed. Recently, Apple also settled class action litigation related to the same conduct, and under that settlement, Apple will pay out up to \$500 million in consumer restitution. More information on the settlement can be found [here](#).

**Alabama Attorney General Steve Marshall [announced a \\$60 million state settlement with Terminix International](#)** over claims the company engaged in a pattern of failing to deliver termite protection services promised, charging exorbitant premium renewals allegedly to force consumers to cancel lifetime protection contracts, and failing to provide competent inspections. As a result of these practices, many homes and businesses allegedly suffered termite infestation. A statewide fund for consumer relief will be created to address Alabama consumer damages due to Terminix's actions.

**Acting Alaska Attorney General Ed Sniffen [announced a lawsuit against JUUL Labs, Inc. and the Altria Group, Inc.](#)** the parent company of Philip Morris USA and one of the major investors in JUUL Labs, for their roles in allegedly causing a dramatic rise in youth e-cigarette use. The complaint alleges that JUUL and Altria violated the law in four ways: (1) by creating a public nuisance under Alaska law; (2) by violating Alaska's Unfair Trade Practices and Consumer Protection Act in marketing and promoting e-cigarette products to youth; (3) by negligently developing, marketing, and selling JUUL vaping products; and (4) by conspiring to maintain and grow a market based primarily on sales to youth.

**Arizona Attorney General Mark Brnovich and [CVS Pharmacy are launching a new consumer fraud awareness program to combat gift card scams](#)** in Arizona, especially during the holiday season. All CVS Pharmacy stores in Arizona will soon display [STOP signs](#) at gift card displays to prompt customers to stop and think about why they're buying the gift card, and remind them that gift cards can never be used to pay a government agency. In many government imposter scams, scammers threaten to arrest or stop government benefits if the consumer does not immediately pay the imposter using gift cards.

**Arkansas Attorney General Leslie Rutledge [announced the first step in a law enforcement sweep against illegal pyramid schemes](#)** organized and operated in Arkansas. Rutledge filed lawsuits in two counties alleging defendants represented to consumers that they could earn a 700% return on investment and "bless" their communities by joining a "Blessing Loom" board and recruiting others to do the same. No products or services were offered in exchange for the payment; only the opportunity to earn money. Rutledge explained that when new participants stopped joining and the pyramids' organizers started using consumers' money as their own, consumers lost every dollar contributed and unwittingly participated in illegal pyramid schemes. The two suits involve schemes called the ["Passionate Minds Circle of Wealth"](#) and the ["Family Blessing Circle."](#) Both suits allege that the defendants used funds they obtained for lavish personal expenses.

**Colorado Attorney General Phil Weiser [released a report detailing the barriers Coloradans face in receiving the insulin they need and providing recommendations](#)** for how to make the vital drug more affordable and accessible. Among the recommendations in [the report](#) were assuring transparency in insulin pricing, expanding mandatory coverage for diabetes supplies, joining a bulk purchasing plan to increase purchasing power, changing patent laws to allow for easier introduction of generic or biosimilar versions of insulin, and changing federal drug purchasing laws to permit purchasing outside the U.S.

**Delaware Attorney General Kathleen Jennings announced [a settlement securing restitution for investors in real estate investments who were sold unregistered securities](#).** Pathmaker Solutions, LLC (Pathmaker), and its managing member Jared Guckenberger, agreed to pay \$100,000 in restitution to their investors and agreed to entry of a permanent bar from soliciting investors in any security or real estate-related business. Pathmaker sold investments to



several investors for the purpose of purchasing, renovating, and reselling real estate properties but did not register them as securities and allegedly failed to make key disclosures to investors regarding the handling of their money.

**District of Columbia Attorney General Karl A. Racine** announced a [\\$2.5 million settlement with DoorDash, Inc. over misrepresentations that tips would go to food delivery drivers](#). In a [November 2019 lawsuit](#), Racine alleged that from 2017 until 2019, DoorDash misled consumers to believe that their tips would increase worker pay, when, in fact, tips were used to subsidize DoorDash's payments to its workers, meaning the more consumers tipped, the less DoorDash had to pay workers itself. The company has since revised its tips policy. As part of [the settlement](#), DoorDash will pay \$1.5 million to delivery workers, \$750,000 to the District, and donate \$250,000 to two District charities. The company will also be required to maintain a payment model that ensures all tips go to workers without lowering their base pay, and it will be required to provide clear and easy-to-access information about its policies and payment model to workers and consumers.

**Florida Attorney General Ashley Moody** announced that her [Consumer Protection Division has secured close to \\$3 million following a trial against The Surrogacy Group, LLC \(TSG\) and its owner, Gregory Blosser](#), for misconduct relating to providing administrative services to couples seeking to have a baby through surrogacy. The court found TSG and Blosser liable for more than \$2 million in consumer restitution and \$720,000 in civil penalties for unfair and deceptive business conduct including accepting large fees for services that defendants failed to provide and misappropriating funds for the owner's personal use.

**Idaho Attorney General Lawrence Wasden** announced [a settlement agreement with three Idaho gasoline retailers regarding increased prices during Idaho's COVID-19 state of emergency](#). The settlement includes \$1.5 million in consumer redress by way of sales credits to be provided in 2021. Retailers Maverik and Jacksons Food Stores, Inc. will each provide \$600,000 in credits and Stinker Stores, Inc. will provide \$300,000 in credits. [Under the agreement](#), each company will earn credits by selling fuel at a price at which it can earn credits when the margin between the gas retailer's retail price and the wholesale price for its product is less than the existing average margin of the states surrounding Idaho. For example, if the average margin in a given month between the retail and wholesale prices in the states surrounding Idaho is \$.25 per gallon, and one of the retailers sells a consumer ten gallons of gas at a price with a margin that is \$.15 per gallon, the retailer would earn a credit of \$1 towards their redress obligation (\$.10 x 10 gallons = \$1.00). The companies have one year to satisfy their obligations starting in January 2021.

**Kansas Attorney General Derek Schmidt** has alleged that 79 additional [consumers were harmed by a man accused of providing autopsy services](#) in violation of state law, bringing the total number to 82, according to an amended civil petition filed with the court. Schmidt also said the state now has control of more than 1,600 biological samples collected by Shawn Parcels and is working to identify family members or others with a legal claim to individual samples. He said many of the samples are small, such as vials of blood or slides prepared for microscopes, but some are larger samples of human tissue. [The ongoing civil lawsuit alleges](#) Parcels contracted with Wabaunsee County to conduct coroner-ordered autopsies and failed to complete them in accordance with Kansas law. Additionally, the petition alleges he performed autopsies without the presence or supervision of a licensed pathologist or otherwise in violation of consumer protection laws. Parcels has also been charged criminally.

**Maryland Attorney General Brian E. Frosh** obtained [\\$2,622,877 in debt relief for approximately 1,200 former Maryland students of Brightwood College](#) as part of a settlement with Elevation Capital Partners, LLC. The settlement also provides that a significant portion of the payments made by Marylanders to Elevation Capital or its servicers will be refunded. Brightwood College, which was owned by Education Corporation of America (ECA), allegedly enrolled students in low-quality programs at a price significantly higher than comparable programs at Maryland's public institutions. The graduates of ECA's programs, on average, earned less than graduates at similar programs and had a significantly higher rate of loan defaults. During its recruitment of students, ECA also allegedly misled students about its instructors, facilities, accreditation status, and post graduate career development services. After losing accreditation in December 2018, ECA abruptly closed without prior notice to students and failed to help them transfer to other institutions.

**Massachusetts Attorney General Maura Healey** has secured a [\\$550,000 agreement resolving claims that a company falsely marketed a non-alcohol hand sanitizer alternative](#). Federal Resources Supply Company allegedly misled the Massachusetts Bay Transportation Authority (MBTA) into ordering thousands of dollars' worth of the product, which contained no alcohol, a key ingredient in hand sanitizer. The MBTA was told that the product sanitizes at a "30-second flash and provides a 6 hour prolonged effect" to fight off the virus, elaborating that "if you touch something it will fight it off." The settlement alleges that the company lacked evidence to support the claims.

**New Jersey Attorney General Gurbir S. Grewal** announced a [\\$235,000 settlement resulting from two grocery stores' failure to properly dispose of electronic devices](#) used to collect the signatures and purchase information of pharmacy customers. [The settlement with Wakefern Food Corp.](#) (Wakefern), the largest retailer-owned cooperative in the United States, and two of its associated ShopRite supermarkets in Millville, NJ and Kingston, NY, resolves allegations that Wakefern violated the federal Health Insurance Portability and Accountability Act and the New Jersey

Consumer Fraud Act. The data breach may have exposed names, phone numbers, birthdates, driver's license numbers, prescription numbers, medication names, dates and times of pick-up or delivery, and customer zip codes.

**New York Attorney General Letitia James** announced that she [has stopped three Amazon sellers from price gouging on hand sanitizer](#). The sellers, Yvette Chaya d/b/a Northwest-Lux, Mobile Rush, Inc. d/b/a Best\_Deals\_27, and EMC Group, Inc. d/b/a Supreme Suppliers, will pay more than \$52,000 in penalties and reimburse consumers almost \$23,000 for overcharging for hand sanitizer during the pandemic.

**Ohio Attorney General Dave Yost** [sued a Cincinnati-area used car dealership for failure to deliver vehicle titles](#) to its customers after receiving about 80 complaints. The [lawsuit](#) against Worldwide Auto Sales, d/b/a Cincinnati Auto Wholesale and its owners Anthony W. Blevins and Charles W. Reynolds alleges the dealership sold vehicles, some of which did not have clear titles. The suit also accuses the defendants of failing to deliver vehicle warranties and misrepresenting details of the sale. Yost's Consumer Protection Section administers the Title Defect Recission (TDR) fund which helps used car buyers resolve title problems. This fund provides remedies to consumers who were not given proper title within 40 days after a vehicle purchase. Yost's office has made payments totaling \$226,823.82 to date from the TDR fund to help those with issues who bought used cars from the defendants.

**Oregon Attorney General Ellen Rosenblum** [settled with five Oregon companies for consumer protection violations related to the COVID-19 pandemic](#). The companies named in the settlements include two convenience store chains, a Portland-based sock merchant, a travel business, and a skincare company alleged to have price gouged or made false claims regarding their products' ability to prevent or treat COVID-19. The settlements require the businesses involved to pay amounts ranging from \$12,500 to \$21,500, depending on the severity and number of violations.

**Pennsylvania Attorney General Josh Shapiro** [stopped a company from misrepresenting mattress disposal as "eco-friendly"](#). In an [assurance of voluntary compliance](#), Load-Up Technologies LLC, which does business as Mattress Disposal Plus, agreed that it will no longer tell consumers it will help them get rid of their mattresses in a "green" or "eco-friendly" manner via recycling or donation. An Office of Attorney General investigation revealed the company disposed of mattresses in landfills. The AVC requires Mattress Disposal Plus to pay \$11,500 in civil penalties and costs to the Commonwealth, and to make a \$3,000 charitable contribution to a nonprofit organization whose mission includes the promotion and facilitation of mattress recycling and donation in Pennsylvania.

**Washington Attorney General Bob Ferguson** announced [that a Washington state court judge found AmerisourceBergen Drug Corp. in contempt of court](#) for failing to turn over important documents and attempting to shield company witnesses from testifying. Washington sued AmerisourceBergen in March 2019 for allegedly contributing to Washington state's opioid epidemic. The [contempt order](#) required the company to, within seven days, hand over unredacted records from its corporate board from 2006 through 2018. Further, the court ordered the company to produce corporate representative witnesses on specific topics requested by the state and pay the state's legal costs incurred in bringing the motion for contempt.

## Charities

- U.S. DOJ announced that [the operators of a California charity scam were sentenced to prison for mail fraud conspiracy and tax evasion](#). Geraldine Hill and Clayton Hill, a California couple who operated a charity that purported to provide goods to the needy, were sentenced to prison for conspiracy to commit mail fraud and tax evasion. Geraldine Hill was sentenced to 15 months in prison, and Clayton Hill was sentenced to 9 months in prison. According to court documents and statements made in court, the Hills operated On Your Feet (OYF), also known as the Family Resource Center, a tax-exempt charitable organization whose stated mission was to provide assistance to low income families and individuals in need. From 2011 through 2016, the Hills fraudulently obtained more than \$1.35 million in donated clothing and other items for OYF by falsely representing to the donors that the items would be given to needy recipients. In fact, the Hills caused OYF to make only about \$13,000 in charitable donations, and then sold the remaining donated items, and used the proceeds to support themselves and their family members and made a number of luxury purchases.
- **Indiana Attorney General Curtis Hill** announced a [default judgment against a charity allegedly abusing indigenous and exotic wildlife](#) and confirmed that the organization is dissolved. Hill sued Wildlife in Need, which operated an attraction exhibiting the animals, in February 2020, over owner Timothy Stark's misrepresentations of the nonprofit organization's activities and alleged that Stark embezzled the nonprofit's assets for his own purposes. A December 2020 trial date was set to determine how to divide disputed assets between the dissolved charity and Stark. Stark is also alleged to have unlawfully removed more than \$100,000 in animals in violation of court orders.
- **New York Attorney General Letitia James** [sued the Roman Catholic Diocese of Buffalo and former senior church leaders](#), alleging violations of state not-for-profit corporation law in failing to prevent the sexual abuse of minors by priests within the Catholic Church. The [216 page complaint claims](#) that improper sexual conduct



allegations against diocesan priests in Buffalo were inadequately investigated, if at all, and were covered-up for years. The suit contends that under New York law, the Diocese of Buffalo and its leaders have a responsibility to discharge their duties in good faith and with the care a prudent person would use, including their duty to comply with the procedures they have publicly adopted to respond to victims and address the conduct of their employees. **Attorney General James** also [issued a report finding that professional fundraisers retain nearly one-third of charitable campaign donations and that some retain more than half](#). The ["Pennies for Charity" report](#) conducted by the New York Charities Bureau also provides tips to donors.

- **Ohio Attorney General Dave Yost**, in partnership with the Ohio Association of Nonprofit Organizations, Philanthropy Ohio, and researchers at Ohio State University, released [The Ohio Nonprofit COVID-19 Survey](#) to gather information on Ohio's nonprofit organizations and how to help them through this difficult time for charitable giving. The latest round of the survey, administered in August, shows that a majority of nonprofits that responded to the survey are operating below their normal budgets. The AGO in recent months has unveiled [a new website](#) offering guidance for charities. Donors can also benefit from the site, which contains, among other resources, the financial documents and governance policies that charities should have in place.
- The Internal Revenue Service reminded taxpayers of [a special new provision that will allow more people to easily deduct up to \\$300 in donations](#) to qualifying charities this year. Following special tax law changes made earlier this year, cash donations of up to \$300 made before December 31, 2020, are now deductible when people file their taxes in 2021. The CARES Act includes several temporary tax changes helping charities, including the special \$300 deduction designed especially for people who choose to take the standard deduction, rather than itemizing their deductions. Under this new change, individual taxpayers can claim an "above-the-line" deduction of up to \$300 for cash donations made to charity during 2020. This means the deduction lowers both adjusted gross income and taxable income, translating into tax savings for those making donations to qualifying tax-exempt organizations. For more information about this and other Coronavirus-related tax relief provisions, visit [gov/coronavirus](#).

## Veterans and Military News

- **California Attorney General Xavier Becerra** [submitted a letter to Secretary of Education Betsy DeVos and Acting Secretary of Defense Christopher C. Miller](#) seeking updates on their efforts to relieve servicemembers of their obligation to pay interest on student loans while they are serving in a combat zone. In 2008, Congress waived all interest charges for direct student loans for servicemembers who are serving on active duty during a war, military operation, or national emergency, and who are receiving hostile fire or imminent danger pay. However, it is estimated by Becerra's office that as of 2015, military borrowers who were eligible for this forgiveness had paid more than \$100 million in unnecessary interest charges on their federal student loans. [In the letter](#), Attorney General Becerra urges Secretary DeVos and Acting Secretary Miller to make every effort possible to ensure that payments on unnecessary interest charges are automatically refunded, and that eligible servicemembers are protected from unlawful over-charges moving forward. **Attorney General Becerra**, [in recognition of Veterans Day, also issued a consumer alert](#) warning Californians to be aware of scams targeting veterans, servicemembers, and their families. Attorney General Becerra provided tips and information to help avoid military-targeted scams and provided tips for Californians who would like to support veterans and servicemembers through charitable donations.
- **Florida Attorney General Ashley Moody** [reminded Florida veterans and service members about the Florida Veterans Legal Helpline](#) that is available to help protect against fraud, identify theft and other legal issues. In November 2019, Attorney General Moody signed [a Memorandum of Understanding with the Florida Veterans Legal Helpline](#). The MOU outlines coordinating bilateral training about the missions and responsibilities of Florida's Military and Veteran Assistance Program and Helpline programs; building a network of mutual referral services and continually building upon the network to ensure veterans and service members are provided the best resources to address legal concerns and scams; and conducting outreach to inform and educate current and former military members about how to spot fraud and where to turn for assistance if targeted by scammers.



State and territory attorneys general protect citizens from unfair, misleading, and deceptive acts and practices. Learn more at:

[www.ConsumerResources.org](http://www.ConsumerResources.org)

[Todd Leatherman](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out | Unsubscribe](#)



## Center for Consumer Protection Monthly

October 2020



### Consumer Chief of the Month: Ben Burningham, Wyoming

As a child, I was always fascinated with the Wild West. To me, the word "Wyoming" conjured images of majestic mountains, wide-open spaces, and grazing wildlife. So, when my wife, Holly, and I had the opportunity to move our small family from the fast-paced metropolis of Washington, D.C. to the rolling prairies of Cheyenne, we jumped at the chance. Before we moved, I attended George Washington University Law School and then worked in the private sector on securities fraud litigation. Up until our move, our daughter thought of a cow as an animal you saw at the national zoo. Five years later, she is a full-on cowgirl.

[Read More](#) ➔

### Article of the Month Follow the Money: An Introduction to Cryptocurrency Transactions

By Miles Vaughn, Assistant Attorney General, Cyber Fraud Unit, Consumer Protection Division, Florida Attorney General's Office

The world is experiencing a surge in the use of convertible virtual currencies or "cryptocurrency." America's largest financial institutions, along with the Federal Reserve, are currently exploring its uses and applications. The American consumer is also adapting to this technology as it has never been easier to purchase and use cryptocurrency. However, as with many innovations, this potential for tremendous benefit comes at a cost. As the use of such currencies increases, so do the risks that this technology will be exploited by criminals at the expense of consumers. Bitcoin, the most widely used cryptocurrency, was created in 2009 and there has not been much time for regulators, law enforcement, or consumers to become knowledgeable on how exactly this technology works. Understanding this technology is ever more necessary as the use of virtual currencies becomes more commonplace.

[Read More](#) ➔



## Upcoming Events

The **2020 NAAG/NASCO Charities Conference** will be held virtually from November 17-19, 2020. This conference is the only annual event at which state charity regulators and nonprofit organizations and their attorneys and accountants have the opportunity to meet, hear about, and discuss issues of interest to the charities community. The sessions on Tuesday, Nov. 17 and Wednesday, Nov. 18 are open to the public and provide an opportunity for representatives of the nonprofit sector to meet and participate in discussions with state regulators. The sessions on Thursday, Nov. 19 are open to regulators only.

The conference is titled "Weathering the Storm" and will address pressing and relevant issues regarding the nonprofit sector in these turbulent times. Sessions during the public portion of the conference will include discussion on the impact of the COVID crisis on state charity regulation, updates on significant enforcement actions from leading state regulators and the FTC, panels on asset management and fundraising, and an opportunity to ask questions to state regulators.

There is no fee to attend this conference. Due to the unique circumstances causing the event to be held virtually, CLE will be provided to all attendees who request it free of charge. [Register today!](#)



## Scam Alert:

[Beware Fake COVID-19 Clinical Trials](#)

## Your Action Needed

NAAG is transitioning to a new information management system. **In order to continue receiving this newsletter, you must do two things:**

1. **Create a New Account:** Unless you have already done so, you will need to [create an account](#) to receive future NAAG communications, including the Center for Consumer Protection Monthly Newsletter and information about webinars or other programs. To set up your account, here are [step-by-step instructions](#), and you can contact [support@naag.org](mailto:support@naag.org) with any questions.
2. **Opt-In to the Newsletter:** Once you have set up an account, you will select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter."

***If you do not create this new account and opt in to receive the newsletter, THIS issue is the last one you will receive.***

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The Consumer Financial Protection Bureau (CFPB or Bureau) [filed a proposed stipulated final judgment and order to settle its lawsuit against the largest debt collector and debt buyer in the United States:](#) Encore Capital Group, Inc., and its subsidiaries, Midland Funding, LLC; Midland Credit Management, Inc.; and Asset Acceptance Capital Corp. The settlement resolves allegations that Encore and its subsidiaries violated a 2015 consent order by suing consumers without possessing required documentation, using law firms and an internal legal department to engage in collection efforts without providing required disclosures, failing to provide consumers with required loan documentation after consumers requested it, and suing on time-barred debt without providing required disclosures. The Bureau further alleged that the companies violated the Consumer Financial Protection Act by failing to disclose possible international-transaction fees to consumers, thereby effectively denying consumers an opportunity to make informed choices of their preferred payment methods. If entered by the court, the [stipulated final judgment](#) and order will require Encore and its



subsidiaries to pay \$79,308.81 in redress to consumers and a \$15 million civil money penalty and extend certain conduct provisions in the 2015 consent order for five more years.

- The CFPB [settled with Nissan Motor Acceptance Corporation for illegal collections and repossession practices](#). The [consent order](#) requires Nissan to provide up to \$1 million of cash redress to consumers, credit any outstanding account charges associated with a wrongful repossession, and pay a civil penalty of \$4 million. It also imposes certain requirements to prevent future violations and remediate consumers whose vehicles are wrongfully repossessed going forward.
- The CFPB [issued a policy statement on applications for early termination of administrative consent orders](#). The [policy statement](#) outlines the early termination application process for entities subject to a consent order and the standards that the Bureau intends to use when evaluating applications. In order for a consent order to be terminated early, an entity should demonstrate that it meets certain threshold eligibility criteria, has fully complied with the order's terms, and has a satisfactory compliance management system in applicable areas.
- The Center for Responsible Lending, on behalf of the National Association for Latino Community Asset Builders [sued the CFPB regarding the Bureau's repeal of payday lending regulations](#). The [lawsuit](#) alleges that the repeal was arbitrary and capricious in violation of the Administrative Procedures Act and also violates the Dodd-Frank Act.
- The CFPB issued an [advance notice of proposed rulemaking \(ANPR\) requesting information related to consumer access to financial records](#). In issuing the [ANPR](#), the Bureau is asking the public how it might most efficiently and effectively develop regulations to implement Section 1033 of the Dodd-Frank Act, which provides for consumer rights to access financial records. The Bureau's ANPR seeks comments and information on costs and benefits of consumer data access; competitive incentives; standard-setting; access scope; consumer control and privacy; and data security and accuracy. Comments are due 90 days after publication in the Federal Register.
- The CFPB [issued a final rule to extend the Government-Sponsored Enterprise \(GSE\) Patch](#) until the mandatory compliance date of a final rule amending the General Qualified Mortgage (QM) loan definition in Regulation Z requiring lenders to make a reasonable, good faith decision that a borrower has the ability to repay a loan. The GSE Patch was scheduled to expire on January 10, 2021. The Bureau is not amending the provision in Regulation Z stating that the GSE Patch will expire if the GSEs (Fannie Mae and Freddie Mac) exit conservatorship. As stated in [the final rule](#): "The Bureau concludes that this extension of the Temporary GSE QM loan definition's sunset date will ensure that responsible, affordable credit remains available to consumers who may have been affected if the Temporary GSE QM loan definition were to expire before amendments to the General QM loan definition take effect."
- The CFPB [Private Education Loan Ombudsman issued its 2020 Annual Report](#), which shows that from September 1, 2019, through August 31, 2020, the Bureau handled approximately 7,000 complaints related to private or federal student loans.
- The CFPB [issued a final rule revising Regulation F which implements the Fair Debt Collection Practices Act \(FDCPA\)](#) and currently contains the procedures for state application for exemption from the provisions of the FDCPA.

## Federal Trade Commission:

- The Federal Trade Commission (FTC) announced that a federal court entered an [ex parte temporary restraining order shutting down an unlawful debt collection operation](#). The [FTC's complaint](#) alleged that Critical Resolution Mediation LLC's agents threatened consumers with arrest and imprisonment and tried to collect debts that consumers did not actually owe. The complaint further alleged that the company's collectors regularly posed as law enforcement officers, attorneys, mediators, or process servers when calling consumers, lending credence to their threats about supposed unpaid debts. In many cases, the defendants were attempting to collect on so-called "phantom" debt, debts that either were never owed or debts that were no longer owed. The case was brought as part of the [Operation Corrupt Collector](#) law enforcement sweep that included more than 50 federal partners and states.
- The FTC is [sending PayPal payments totaling more than \\$7 million to victims of a tech support scam](#). According to the FTC, [Vast Tech Support, LLC and OMG Tech Help, LLC](#) used free security scanning software trials to trick people into thinking there were problems with their computers and then pressured them into buying tech support products and services. As [part of settlements with the FTC](#), the companies and their credit card payment processor, [RevenueWire, Inc.](#), which the FTC alleged laundered credit card payments for the tech support scheme, agreed to pay money to the FTC for consumer refunds. The FTC sent 127,129 refunds through PayPal over a two-day period beginning on October 14, 2020. The average refund is \$55.36. Recipients who receive a refund via PayPal will have 30 days to accept the payment.
- The FTC has approved a final [administrative consent order](#) with a marketer that [made baseless claims that its product can treat, prevent, or reduce the risk of COVID-19](#). The FTC charged that Marc Ching marketed the supplement called Thrive, which consists mainly of Vitamin C and herbal, as effective against the virus. The complaint also alleged that Ching used his Whole Leaf Organics website to deceptively advertise and sell three CBD-containing products. The final order settling the complaint bars Ching's false and unsubstantiated



health claims and requires him to send written notices to customers and retailers of Thrive explaining that it will not treat, prevent, or reduce the risk of COVID-19. He also must tell customers and retailers that the three CBD-containing products will not treat cancer. Finally, the letters must inform customers and retailers of his settlement with the FTC.

- The FTC [finalized a settlement with a data storage services company that allegedly deceived consumers about its participation in the EU-U.S. Privacy Shield](#) (Privacy Shield) framework. The [FTC alleged](#) that NTT Global Data Centers Americas, Inc., formerly known as RagingWire Data Centers, Inc., claimed in its online privacy policy and marketing materials that the company participated in the Privacy Shield framework and complied with the program's requirements. In fact, the FTC alleged, the company's certification lapsed in January 2018 and it failed to comply with certain Privacy Shield requirements while it was a participant in the framework.
- The [FTC issued the National Do Not Call Registry Data Book for Fiscal Year 2020](#). The data shows that the number of active registrations on the DNC Registry increased by two million over the past year, while the total number of consumer complaints decreased for the third year in a row. [The Data Book](#) provides the most recent fiscal year information available on robocall complaints, the types of calls consumers reported to the FTC, and a complete state-by-state analysis.

## U.S. Department of Justice:

- The U.S. Department of Justice (DOJ or Department) announced the [sentencing to prison of two former dietary supplement company executives and an order requiring two companies to pay a combined \\$10.7 million](#) in criminal forfeiture for their roles in fraudulently selling workout supplements Jack3d and OxyElite Pro. Former USPlabs CEO Jacobo Geissler, and former USPlabs president Jonathan Doyle, were sentenced to 60- and 24-months' imprisonment, respectively. In addition, the court ordered each defendant to pay a criminal fine of \$250,000. The court previously sentenced USPlabs to pay \$4.7 million in criminal forfeiture, and sentenced another company, SK Laboratories Inc., to forfeit \$6 million in connection with the case. The defendants admitted that they imported substances with false and misleading labeling to avoid law enforcement and regulatory agency attention.
- DOJ announced [a parallel action by the U.S. and Indian Governments against technical-support fraud scammers targeting seniors](#). The Department announced that a federal court has ordered an individual and five companies to stop engaging in a scheme that is alleged to have defrauded hundreds of elderly and vulnerable U.S. victims. In an unprecedented collaborative effort, the Central Bureau of Investigation (CBI) in India took actions in parallel with DOJ's filing against corporate and individual participants in the scheme located in Delhi, Noida, Gurgaon, and Jaipur. CBI registered a criminal case against five companies involved in the scheme and conducted an investigation to identify and locate the perpetrators of the crime.

## In other federal news:

- The Centers for Disease Control and Prevention (CDC) [released FAQ's](#) regarding the CDC Order imposing a federal moratorium on residential evictions entitled [Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19, 85 Fed. Reg. 55,292 \(Sept. 4, 2020\)](#).
- The Consumer Product Safety Commission (CPSC) [issued guidance for families to protect themselves before and after Hurricane Delta](#). The CPSC cautioned consumers to be especially careful during a loss of electrical power when many use portable generators and other sources for power and heat, exposing them to increased risk of carbon monoxide poisoning and fire.
- The U.S. Food and Drug Administration (FDA) [approved the antiviral drug Veklury \(remdesivir\) for treatment of COVID-19](#) for adults and pediatric patients 12 years of age and older and weighing at least 88 pounds for cases requiring hospitalization. The [approval](#) says Veklury should only be administered in a hospital or in a healthcare setting capable of providing acute care comparable to inpatient hospital care. Veklury is the first treatment for COVID-19 to receive FDA approval.
- The Federal Communications Commission (FCC), by a 3-2 vote, [approved a new order regarding its rollback of "net neutrality" regulations](#), addressing issues which were raised in the [remand order of the D.C. Circuit Court of Appeals](#), which largely affirmed the FCC's deregulation order in 2019 but asked the Commission to revisit its analysis of how the rollback would affect public safety groups, physical internet infrastructure and low-income households that receive the internet through an FCC subsidy program.
- [The Internal Revenue Service \(IRS\) extended its October 15, 2020 deadline for non-filers to apply for COVID-19 Economic Impact Payments](#). The new deadline is November 21, 2020. The IRS encourages people to use its [Non-Filers: Enter Info Here Tool](#).
- The Office of the Comptroller of the Currency (OCC) [issued a rule that determines when a national bank or federal savings association \(bank\) makes a loan and is the "true lender,"](#) including in the context of a partnership between a bank and a third party. The rule specifies that a bank makes a loan and is the true lender if, as of the date of origination, it (1) is named as the lender in the loan agreement or (2) funds the loan. The rule also specifies that if, as of the date of origination, one bank is named as the lender in the loan

agreement for a loan and another bank funds that loan, the bank that is named as the lender in the loan agreement makes the loan. The OCC's announcement states that the rule "also clarifies that as the true lender of a loan, the bank retains the compliance obligations associated with the origination of that loan, thus negating concern regarding harmful rent-a-charter arrangements."

- The [OCC assessed a \\$60 million civil penalty against Morgan Stanley](#) Bank, N.A., and Morgan Stanley Private Bank, N.A. based on their failure to exercise proper oversight of the 2016 decommissioning of two wealth management business data centers located in the U.S and a 2019 decommissioning of network devices that also stored customer data. The OCC found the noted deficiencies constitute unsafe or unsound practices and resulted in noncompliance with 12 CFR Part 30, Appendix B, "Interagency Guidelines Establishing Information Security Standards."
- The Commodity Futures Trading Commission (CFTC) announced entry of [a \\$7.4 million consent order resolving Bitcoin fraud allegations](#) against Jon Barry Thompson of Easton, Pennsylvania, imposing injunctive relief and requiring restitution to two customers in connection with their purported purchase of Bitcoin. The order also permanently bans Thompson from registering with the CFTC, from trading any commodity interests, and from trading Bitcoin for any account in which he has a direct or indirect interest.

## Attorney General Consumer Protection News and Other Items of Interest

The U.S. Department of Justice (DOJ or Department) and eleven states [sued Google for alleged violations of antitrust laws](#) in an effort to stop Google from unlawfully maintaining monopolies through anticompetitive and exclusionary practices in the search and search advertising markets and to remedy the competitive harms. The [governments' complaint](#) alleges that Google entered into exclusive agreements that forbid preinstallation of any competing search service and forced manufacturers to preinstall its search service and make its app undeletable. The complaint also alleges that Google entered into agreements with Apple requiring Google to be the default and *de facto* exclusive search engine on Safari and other Apple search tools. A bipartisan group of attorneys general who are investigating Google [issued a statement following the filing](#), stating their intent to conclude their investigation in the coming weeks and that if a case were filed, they would move to consolidate the states' case with DOJ's.

**50 State Attorneys General** announced an [update to the global settlement framework agreement with generic opioid manufacturer Mallinckrodt](#) (MNK), its subsidiaries, and certain other affiliates. MNK is currently the largest generic opioid manufacturer in the United States. Under the new settlement, MNK will pay \$1.6 billion of cash into a trust that will go toward abating the opioid crisis, including valid claims related to MNK's role in the opioid crisis raised by non-governmental claimants. MNK will pay the \$1.6 billion according to the following schedule: \$450 million upon emergence from bankruptcy; \$200 million annually on first and second anniversary of emergence from bankruptcy; and \$150 million annually on the third through seventh anniversaries of emergence from bankruptcy. MNK also agrees that its opioid business will be subject to stringent injunctive relief that, among other things, will prevent marketing and ensure systems are in place to prevent drug misuse.

**Led by Connecticut Attorney General William Tong, a 43-state coalition and California** [obtained a \\$39.5 million multistate settlement with Anthem stemming from a massive 2014 data breach](#) that involved the personal information of 78.8 million Americans. In addition to the payment, Anthem has also agreed to a series of data security and good governance provisions designed to strengthen its practices going forward. In February 2015, Anthem disclosed that cyber attackers had infiltrated its systems beginning in February 2014, using malware installed through a phishing email. The attackers were ultimately able to gain access to Anthem's data warehouse, where they collected several types of consumers' personal information including Social Security numbers. In addition to this settlement, Anthem previously entered into a class action settlement that established a \$115 million settlement fund to pay for additional credit monitoring, cash payments of up to \$50, and reimbursement for out-of-pocket losses for affected consumers. The deadlines for consumers to submit claims under that settlement have since passed.

An interagency working group which included the **National Associations of Attorney General**, convened pursuant to the Telephone Robocall Abuse Criminal Enforcement and Deterrence Act (the TRACED Act), [released a report to Congress on efforts to stop illegal robocalls](#). The report details the working group's extensive work to end the harm caused by illegal robocalls, especially fraudulent robocalls that disproportionately affect elderly Americans, including through legal action, regulatory efforts, and private industry collaboration.

**A bipartisan coalition of 25 attorneys general** [called on the U.S. Department of Justice to revise a proposed settlement with Purdue Pharma](#) that would preserve the company's ability to continue OxyContin sales as a public trust corporation. The letter urges DOJ to work with the attorneys general "to keep [Purdue] in the private sector, secure money to abate the [opioid] crisis and hold the perpetrators accountable."

**Led by California Attorney General Xavier Becerra and Attorney General Doug Peterson of Nebraska**, a bipartisan coalition of 43 attorneys general wrote [a letter urging the creative community to protect young viewers from tobacco imagery](#). The letter to associations representing directors, screen and stage actors, screenwriters, radio artists, and others follows an [August 2019 letter to streaming services](#) asking them to take action to protect youth from tobacco imagery, especially in light of the alarming numbers of high school and middle school students using electronic cigarettes. Many of the companies and the Motion Picture Association responded, in part, by asking for Hollywood's creative community to be included in this important discussion.

**Led by Arizona Attorney General Mark Brnovich and Colorado Attorney General Phil Weiser**, a bipartisan coalition of 40 attorneys general [wrote Congressional leaders urging them to take steps to protect airline industry customers](#). The attorneys general urged Congress to require carriers that receive federal financial relief to provide full, timely refunds to customers who voluntarily cancel their flight reservations for reasons related to COVID-19 and authorize state attorneys general to enforce federal airline consumer protection laws.

**Led by North Carolina Attorney General Josh Stein and Indiana Attorney General Curtis Hill**, a bipartisan coalition of 38 states [filed an amicus brief in a U.S. Supreme Court case that will determine the scope of the protections of the federal Telephone Consumer Protection Act \(TCPA\)](#). At issue is whether the TCPA's restrictions on autodialers include any device that can store and dial numbers automatically, or whether it is limited to devices that use a random number generator. [In their brief](#), the attorneys general argue that the TCPA applies to all kinds of devices that store and dial numbers automatically and that adopting a narrower definition would leave consumers less protected.

**Led by Illinois Attorney General Kwame Raoul, Tennessee Attorney General Herbert Slatery III, and Texas Attorney General Ken Paxton**, [a bipartisan coalition of 28 states reached a \\$5 million settlement with Community Health Systems Inc. \(CHS\) resulting from a 2014 data breach](#) that impacted approximately 6.1 million patients nationwide. In 2014, CHS confirmed that its computer network was the target of an external cyber-attack that allowed hackers to gain access to patient names, birthdates, Social Security numbers, phone numbers and addresses. The [settlement](#) requires CHS to pay the states \$5 million and implement and maintain a comprehensive information security program to safeguard personal information and implement policies to quickly identify and address future breaches. The settlement also requires CHS to take a number of steps to prevent future breaches, such as developing an incident plan so that the company will know what to do if a breach occurs.

**Alabama Attorney General Steve Marshall** warned against price gouging as a state of emergency was declared in advance of [Hurricane Delta](#) and [Hurricane Zeta](#).

**Arizona Attorney General Mark Brnovich** [secured an agreement with Ticketmaster, returning over \\$71 million in refunds](#) for consumers who purchased tickets to Arizona live events that were cancelled, postponed, or rescheduled due to the COVID-19 pandemic. General Brnovich's office asserted that until March 13, 2020, Ticketmaster's online FAQs promised to automatically make refunds available for cancelled, postponed, or rescheduled events within 7-10 business days. However, as of March 14, 2020, Ticketmaster's website was updated to provide that it would only issue refunds automatically for cancelled events and allowed event organizers (promoters, artists, and venues) to set refund limitations on postponed or rescheduled events. **General Brnovich** also [resolved allegations that Honda concealed defective Takata airbags with a \\$5 million settlement](#) with American Honda Motor Company, Inc., and Honda of America Mfg., Inc. The settlement prioritizes \$1.65 million in restitution for Arizona consumers, as well as a \$2.13 million repair incentive program to encourage the completion of vital safety recalls.

**Arkansas Attorney General Leslie Rutledge** [announced a judgment against a timeshare exit company and its owners](#). Rutledge sued Real Travel and its owners, Bart Bowe and Brian Scroggs under the Arkansas Deceptive Trade Practices Act for charging consumers exorbitant fees, but not delivering on their guarantees to help consumers transfer or cancel their timeshare property interests. [The judgment](#) requires payment of \$50,000 in restitution and imposes \$450,000 in suspended civil penalties.

**California Attorney General Xavier Becerra's Office** [released a third set of proposed modifications to the regulations regarding the California Consumer Privacy Act \(CCPA\)](#) that went into effect on August 14, 2020. The notice of proposed modifications, the original rulemaking package, and all related documents can be found on the [CCPA Regulations](#) page. The revisions provide guidance on topics including consumer opt-out rights and how businesses may comply with notice requirements related thereto.

**Florida Attorney General Ashley Moody** [announced an \\$11 million settlement with Ocwen](#) Financial Corporation, Ocwen Mortgage Servicing, Inc., Ocwen Loan Servicing, LLC and PHH Mortgage Corporation, resolving claims of improper mortgage servicing practices. The [proposed final consent judgment](#) will provide at least \$8.6 million in consumer relief, including \$2.1 million to Floridians who were harmed as a result of Ocwen's alleged servicing failures. According to the Attorney General, Ocwen made untimely payments of borrowers' insurance premiums, improperly imposed lender-placed insurance, and overcharged for property preservation inspections. Other benefits

obtained for Florida borrowers include at least \$1 million in mortgage loan modifications and approximately \$5.5 million in late fee waivers for eligible borrowers. Ocwen will also pay more than \$3 million in civil penalties and reimbursement for the Attorney General Office's fees and costs.

**Georgia Attorney General Chris Carr** announced that his office has [entered into a consent judgment with an auto dealer to resolve multiple violations of Georgia law](#). The Momentum Group, Inc., doing business as Gwinnett Mitsubishi and Gwinnett Suzuki, and its sole owner, Fawad Ahmad, agreed to resolve numerous allegations of unlawful and deceptive advertising and sales practices including failure to pay off liens on trade-ins, failing to apply for vehicle titles as represented, failing to remit payment to third parties for products including extended warranties and "gap coverage," and selling vehicles without valid emissions certificates as required in 13 Georgia counties. [Under the judgment](#), the defendants will pay \$198,089.14 in consumer restitution and an initial penalty to the state of \$59,029.59. An additional penalty payment of \$250,000 will be due at the end of a six and a half year monitoring period unless the defendants comply with all requirements of the settlement.

The Ninth Circuit Court of Appeals issued [a ruling allowing Hawaii Attorney General Clare Connors' suit against Bristol Myers Squibb's \(BMS\) regarding Plavix to move forward](#). Connors' suit alleges that BMS marketed Plavix to Hawaiians despite knowing that a significant portion of the state's population has a certain genetic variation that leads to worse clinical outcomes when taking Plavix. The panel held that *Younger* abstention was appropriate even though the state used outside counsel. The Court also held that the First Amendment did not require stricter scrutiny, nor bring the case within *Younger's* extraordinary circumstances exception, which permits federal jurisdiction where the danger of irreparable loss is both great and immediate.

**Idaho Attorney General Lawrence Wasden** [warned Idahoans to use caution when shopping for healthcare products online amid ongoing concerns about COVID-19](#). Wasden noted that some sellers falsely claim that colloidal silver, essential oils, supplements, and immunity-boosting therapies can prevent COVID-19 infections or treat other health conditions that pose a risk to consumers' health.

**Illinois Attorney General Kwame Raoul** [expressed support for the proposal by advocacy group Student Defense to reinstate and improve upon the automatic closed school discharge rule](#). Closed school discharge is a federal student loan program that allows for the discharge of all loans a student used to pay for a school when the school shuts down and the student is unable to complete their program. Under the borrower defense to repayment rule implemented by the U.S. Department of Education in 2016, discharge of the loans is automatic, provided the student does not transfer the credits earned at the school to complete a similar degree. The U.S. Department of Education, however, changed course, issuing a new version of the rule in 2019 that eliminates automatic discharge and requires students to apply. Historically, many students in the midst of a school closure are unaware of the right to discharge and do not know they need to apply to discharge their student loans.

**Iowa Attorney General Tom Miller** [announced an \\$820,000 judgment against an Iowa-based telemarketing company](#). In [February 2020, Miller sued](#) PM Specialties and Milestone Consulting and their owners Misty Barnes and Paul Michael Barnes, alleging that the defendants engaged in a range of violations, including cold-calling consumers and falsely saying they had past-due bills that needed immediate payment, selling non-existent services, and making unauthorized charges to customers' credit-card accounts. The judgment orders the couple to pay the maximum civil penalties of \$40,000 per violation, or \$760,000, to the state.

**Kansas Attorney General Derek Schmidt** [offered consumers advice on avoiding identity theft efforts by fraudsters making bogus unemployment claims](#). General Schmidt noted the rise in efforts by fraudsters to fraudulently obtain unemployment benefits by misusing innocent consumers' personal information. The Attorney General provided tips consumers could take if they receive notification that an unemployment filing, or other official action, was being taken in their name without their authorization.

**Maryland Attorney General Brian E. Frosh** announced that [\\$11.7 million will be directed to the Maryland Legal Services Corporation to provide legal services to families facing eviction and other housing security issues](#). The sources of the funds were \$8.7 million recovered by General Frosh for unlawful conduct during the financial crisis that may only be used for housing-related purposes and \$3 million from the Maryland general fund.

**Michigan Attorney General Dana Nessel** issued a [consumer alert on the benefits and drawbacks of smartphone tracking features](#). Nessel's [consumer alert](#) provides information on whether smartphones are listening, how to disable certain tracking activity, and sheds light on how some monitoring can be beneficial, particularly during the COVID-19 pandemic. Contact tracing is one such benefit.

**Minnesota Attorney General Keith Ellison** announced [a settlement agreement with a Minnesota non-profit hospital resolving allegations of unfair collection practices](#). [The settlement](#) requires the hospital to restore more favorable hospital billing terms that it had allegedly terminated unilaterally for many of its patients, which had the effect of



increasing their monthly medical bills beyond what patients agreed to pay. The settlement alleges that Hutchinson Health violated a regulatory agreement between the attorney general's office and Minnesota's nonprofit hospitals by improperly increasing patients' payment plans, deactivating the payment plans of patients who did not agree to the new terms, and pressuring patients to secure loans or use their retirement savings to satisfy their medical debts. These actions led to ballooning payments and defaults.

**New Jersey Attorney General Gurbir S. Grewal** filed a [lawsuit against Navient Corp. and Navient Solutions LLC](#) alleging the student loan servicer engaged in unconscionable commercial practices, deceptive conduct, and misrepresentations when servicing thousands of New Jersey consumers' student loans. [Grewal's complaint](#) accuses one of the nation's largest student loan servicers of steering borrowers into forbearance instead of income-driven repayment plans better suited to their financial circumstances, failing to inform borrowers of deadlines to remain in income-driven plans, enticing borrowers to have a co-signer and then making it exceedingly difficult to obtain a co-signer release, and misleading borrowers about the amount of their delinquency.

**New York Attorney General Letitia James** obtained [a temporary restraining order \(TRO\) against the parent company of New York Sports Clubs and Lucille Roberts](#) for unlawfully charging monthly dues to members and other illegal and fraudulent practices involving consumers' cancellation rights. [The TRO](#) prohibits both gyms from charging any dues, fines, or penalties to any New York members who have submitted cancellation requests since March 16, 2020, and charging any dues, fines, or penalties to any New York members whose home gym remains closed.

**North Carolina Attorney General Josh Stein** [reached a consent judgment against New Jersey-based Stephen Gould Corporation resolving allegations of price gouging](#) during North Carolina's coronavirus state of emergency. As a result of the consent judgment, the company has paid \$150,000 in civil penalties and other fees and is permanently barred from engaging in unfair and deceptive practices or selling or offering to sell personal protective equipment at unreasonably excessive prices. General Stein's [lawsuit](#) alleged that the company offered 7 million N95 or similar masks to public health agencies and organizations at a markup of more than 100 percent, which would have led to a profit of \$30,100,000 for all transactions combined. The company also allegedly misled its potential customers about how drastically it was marking up its prices, falsely telling one that its markup was only three percent, and telling another that its markup was "slim."

**Oklahoma Attorney General Mike Hunter** is [warning consumers of contractor fraud in the wake of an ice storm](#). Hunter urged Oklahomans to proceed with caution before selecting contractors when making repairs to property and clean up in the wake of the ice storm. While Oklahomans begin to recover from the storm, the Attorney General also reminds contractors and individuals the state's Emergency Price Stabilization Act is still in effect for all 77 counties with the ongoing disaster emergency declaration.

**Oregon Attorney General Ellen Rosenblum** announced a [\\$5.5 million settlement with Johnson & Johnson and its subsidiary Ethicon, Inc. for deceptive marketing of transvaginal surgical mesh devices](#). The settlement is the result of an investigation finding that the companies violated state consumer protection laws by misrepresenting the safety and effectiveness of the devices and failing to sufficiently disclose risks associated with their use. [Under the settlement](#), the state will receive \$2 million. Johnson & Johnson will distribute the remaining funds to five non-profit medical clinics that provide health care to women in Oregon. Last October, Johnson & Johnson agreed to pay \$117 million to settle a lawsuit brought by 41 states and the District of Columbia. Oregon declined to join that settlement and instead filed suit.

**Pennsylvania Attorney General Josh Shapiro** [announced that his PA CARE Package initiative, has resulted in significant savings for Pennsylvanians](#). Launched in March to bring additional financial resources to consumers impacted by COVID-19, Shapiro's initiatives forged partnerships with financial institutions who deferred loan payments and waived or refunded fees and provided other relief for consumers struggling to meet loan payment obligations.

**Rhode Island Attorney General Peter F. Neronha** issued [a warning to landlords amid increased reports of illegal self-help evictions](#). Neronha's warning states that an illegal eviction may occur when a landlord enters the home a tenant has rented and, without a court order, starts removing furniture from the house. In addition, removal of locks, cutting off heat and electricity, or otherwise trying to strong-arm the tenant out of the house, may constitute an illegal eviction. In recent weeks, Neronha's office has received reports of an increasing number of self-help evictions and, as a result, has issued updated guidance to ensure a continued law enforcement focus on self-help evictions.

**Utah Attorney General Sean Reyes** [offered tips to consumers on being "cyber-secure" during National Cyber Security Awareness Month](#).

The United States Supreme Court [denied 5-hour ENERGY's Petition for a writ of certiorari](#) in its appeal of a Washington state court's award of \$4.3 million in damages and attorney's fees to **Washington Attorney General**



**Bob Ferguson.** General Ferguson obtained the [award](#) in a 2017 ruling following a [2016 ruling](#) that the defendants deceptively advertised that the popular flavored energy shots are superior to coffee, that doctors recommend 5-hour ENERGY, and that its decaffeinated formula provides energy, alertness and focus that lasts for hours. **General Ferguson** also announced that his office [secured a court order](#) against Health Insurance Team, a Seattle-based insurance company, for imitating the official state-run health insurance exchange. [The court order](#) requires the insurance company to stop its use of domain names and branding that are similar to the state exchange. The company must also pay \$50,000 to the Attorney General's Office.

According [to a report in the New York Times](#), eResearch Technology (ERT), a company that sells software used in hundreds of clinical trials, including efforts to develop tests, treatments and a vaccine for COVID-19, was hit by a ransomware attack that slowed some of those trials. According to ERT, clinical trial patients were never at risk, but the attack did force trial researchers to track their patients with pen and paper.

Amid rising concerns that consumers may be targeted by scam artists pretending to be involved in a COVID-19 clinical trial, the **National Association of Attorneys General and Federal Trade Commission** partnered [to issue consumer tips to help consumers avoid being scammed by fake clinical trials](#). The alert warns consumers not to pay to be included in a trial and to never give out financial information. The National Institutes of Health (NIH) and National Library of Medicine maintain [ClinicalTrials.gov](#), a free searchable database of clinical studies on a wide range of diseases. Those interested in volunteering for a COVID-19 trial can sign up at the [COVID-19 Prevention Network](#), a site run by the National Institute of Allergy and Infectious Diseases at the NIH.

## Charities

- The Federal Bureau of Investigation (FBI) issued a [warning about potential charity fraud associated with the COVID-19 pandemic](#). The FBI and other law enforcement agencies have received reports of scammers fraudulently soliciting donations for individuals, groups, and areas affected by COVID-19.
- Ahead of the November 3rd election, **New York Attorney General Letitia James** [issued guidance to remind New York non-profits of the political activities in which they may or may not engage in](#). Charitable organizations that receive a tax exemption pursuant to section 501(c)(3) of the Internal Revenue Code, are prohibited from participating in any political campaign on behalf of a candidate for public office. The full guidance is available [here](#). A violation of those provisions may result in the denial or revocation of tax-exempt status by the IRS, the loss of exemption from New York income, sales, and use taxes, and enforcement or regulatory actions by the New York Attorney General.
- **Rhode Island Attorney General Peter F. Neronha** announced that an individual was ordered to [repay over \\$26,000 to family members, friends, and GoFundMe after falsely claiming to have cancer and soliciting donations to cover medical expenses for treatment](#). Alicia Pierini pleaded nolo contendere to one count of obtaining money under false pretenses over \$1,500. In addition to being required to make restitution, Pierini was given a 10-year suspended sentence with 10 years of probation. GoFundMe was reimbursed for the amounts it had already paid back to those who contributed through its platform.
- **The National Association of State Charity Officials (NASCO)** joined other state and federal regulators in announcing October 19-23 as [International Charity Fraud Awareness Week](#).

## Veterans and Military News

- The OCC [assessed an \\$85 million civil penalty against USAA, Federal Savings Bank for system deficiencies which resulted in violations of law in violation of a 2019 consent order, the Military Lending Act, and the Servicemembers Civil Relief Act](#). The bank is in the process of remediating these violations pursuant to the requirements of the consent order. The OCC penalty will be paid to the U.S. Treasury.
- The owner of a [California trucking school was sentenced to 48 months for defrauding the U.S. Department of Veterans Affairs out of more than \\$4 million in education benefits](#) involving over 100 veterans who did not attend classes. Emmitt Marshall, the owner and president of the Alliance School of Trucking (AST) was also ordered to pay \$4.1 million in restitution. Marshall pleaded guilty in July 2019 to five counts of wire fraud. Marshall and a co-defendant, AST Vice President Robert Waggoner recruited eligible veterans to take trucking classes paid under the Post-9/11 GI Bill. AST was certified to offer classes under the Post-9/11 GI Bill, including a 160-hour Tractor Trailer & Safety class and a 600-hour Select Driver Development Program. From July 2011 to April 2015, Marshall and Waggoner convinced more than 100 veterans to participate by telling them they were entitled to VA education benefits, even if they did not attend classes. Despite not taking classes, the veterans who agreed to join the scheme accepted education benefits for housing while AST collected the benefits for tuition, resulting in a total loss to the VA of at least \$4.1 million.



[Todd Leatherman](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out | Unsubscribe](#)



## Center for Consumer Protection Monthly

September 2020



### Consumer Chief of the Month: Olivia Martin, Alabama

The Alabama Attorney General reorganized the office's Civil Division in October 2015 by combining the Environmental, Utilities, and Consumer sections into the Consumer Interest Division. After being Section Chief of Utilities for 19 years, I was selected by the Attorney General as chief of the new division. Although there is considerable overlap between environmental and utility matters, I had a lot to learn about consumer protection. Fortunately, the Attorney General selected a few of the office's best attorneys to join the division. Many of you have met and worked with Tina Hammonds and Michael Dean on multistate cases. They, too, were experienced attorneys, but new to consumer protection, and we approached our new mission with enthusiasm and a focus on teamwork.

[Read More](#) ➔

### Article of the Month Evolution of Health Claim Substantiation By Stephanie N. Guyon, Deputy Attorney General, Idaho Attorney General's Office

*"Life is pain. Anybody that says different is selling something."*

If you browsed a newspaper during the 1918 flu pandemic, you would have found ads for Owl's throat gargle, Dr. McKenzie's smelling bottle, J.W. Gardocky's onions, Horlick's malted milk, and Boyer's massages. From miracle water to sensible shoes, sellers offered dozens of fake treatments to capitalize on a deadly disease that gripped the world between 1918 and 1920. Reading these outrageous health claims now is both laughable and ominous.

[Read More](#) ➔



### Upcoming Events

The **2020 NAAG Consumer Protection Fall Conference** will be held virtually from October 26-28, 2020. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Tues., Oct. 27,

the private, nonprofit, and government sectors are invited to attend the public portion of the conference, which will include an optional virtual networking session. The sessions on Wed., Oct. 28 and Thurs., Oct. 29 are open to attorney general office staff only.

If you are attorney general staff or a private sector registrant who does not need CLE credit, the attendance fee will be waived. If you are a private sector registrant who would like CLE, there will be a registration fee of \$30.00. Registration will open sometime next week. More information can be found [here](#), and registration will open sometime next week. Early registration is recommended as space is limited.

The **2020 NAAG/NASCO Charities Conference** will be held virtually from November 17-19, 2020. [Save the date!](#)



## Scam Alert:

[Be Alert for Work-From-Home Scams and Pyramid Schemes](#)

**Your Action Needed:** NAAG is transitioning to a new information management system in the next few months. **In order to continue receiving this newsletter, you must do two things:**

1. **Create a New Account:** Unless you have already done so, you will need to [create an account](#) to receive future NAAG communications, including the Center for Consumer Protection Monthly Newsletter and information about webinars or other programs. To set up your account, here are [step-by-step instructions](#), and you can contact [support@naag.org](mailto:support@naag.org) with any questions.
2. **Opt-In to the Newsletter:** Once you have set up an account, you will select "My Communication Preferences" and then choose to subscribe to the "Consumer Protection Newsletter."

*If you do not create this new account and opt in to receive the newsletter, the October issue is the last one you will receive.*

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The Consumer Financial Protection Bureau (CFPB or Bureau) [sued debt collectors Encore Capital Group, Inc. and its subsidiaries, Midland Funding, LLC; Midland Credit Management, Inc.; and Asset Acceptance Capital Corp.](#) The Bureau alleges Encore and its subsidiaries have violated the terms of a 2015 consent order and again violated the Fair Debt Collection Practices Act and Consumer Financial Practices Act. The suit seeks injunctions, damages, consumer redress, disgorgement, and civil penalties. [The complaint alleges](#) that since September 2015, the defendants have violated the consent order by suing consumers without possessing required documentation, suing and collecting on time-barred debt, using law firms and an internal legal department to engage in collection efforts without providing required disclosures, failing to provide consumers with required loan documentation after consumers requested it, and other violations.
- The CFPB [signed a consent order with Lobel Financial Corporation, an auto-loan servicer](#), resolving allegations that Lobel engaged in unfair practices with respect to its Loss Damage Waiver (LDW) product, in violation of the Consumer Financial Protection Act. When a borrower has insufficient insurance, rather than force-placing collateral-protection insurance, Lobel places the LDW product, which is not itself insurance, on borrower accounts and charges a monthly premium of approximately \$70 for the LDW coverage. The LDW product provides that Lobel will pay for the cost of covered repairs and, in the event of a total vehicle loss, cancel the borrower's debt. The Bureau found that Lobel continued to bill certain consumers for LDW coverage but then failed to provide it and assessed fees from consumers that they were not obligated to pay.



The [consent order](#) requires Lobel to pay \$1,345,224 in consumer redress to approximately 4,000 harmed consumers and a \$100,000 civil penalty.

## Commodities Futures Trading Commission

- The Commodity Futures Trading Commission (CFTC) and 30 state regulators that are members of the North American Securities Administrators Association (NASAA) announced the filing of a joint civil enforcement action against two precious metals dealers and their companies for perpetrating a \$185 million fraudulent scheme targeting elderly persons nationwide. [The complaint](#) charges defendants TMTE, Inc., d/b/a Metals.com, Chase Metals, LLC, Chase Metals, Inc. (collectively "Metals.com"), Barrick Capital, Inc. and its principals, Lucas Asher a/k/a Lucas Thomas Erb a/k/a Luke Asher and Simon Batashvili with executing an ongoing nationwide fraud that solicited and received more than \$185 million in investor funds to purchase fraudulently overpriced gold and silver bullion. On September 22, 2020, the U.S. District Court for the District of Northern District of Texas entered a restraining order freezing the assets of the defendants and permitting the CFTC and the states to inspect all relevant records. The court also appointed a receiver to take control of Metals.com, Barrick, and Tower Equity, as well as the assets of Asher and Batashvili. This enforcement action is the largest joint filing in CFTC history with state regulators, and the first resulting from a [2018 information sharing agreement](#) between the CFTC and NASAA, which represents state and provincial securities regulators in the United States, Canada, and Mexico.
- The CFTC and Securities and Exchange Commission (SEC) announced that the court-appointed receiver has completed [a final distribution to victims in a \\$1.3 billion Ponzi scheme case brought by the CFTC in 2009](#). The distribution pertains to customers in a commodity pool operated by defendants Paul Greenwood and Stephen Walsh among other defendants.
- The [CFTC](#), [SEC](#), and U.S. Department of Justice (DOJ) announced a \$920 million settlement with [JPMorgan Chase & Co. \(JPMorgan\) to resolve criminal and civil charges related to two distinct schemes to defraud](#): the first involving tens of thousands of episodes of unlawful trading in the markets for precious metals futures contracts, and the second involving thousands of episodes of unlawful trading in the markets for U.S. Treasury futures contracts and in the secondary (cash) market for U.S. Treasury notes and bonds. The \$920.2 million settlement is the largest amount of monetary relief ever imposed by the CFTC and includes restitution (\$311,737,008), disgorgement (\$172,034,790), and civil penalties (\$436,431,811).
- The CFTC announced it has issued an order settling charges against Citibank N.A., Citigroup Energy Inc., and Citigroup Global Markets, Inc. for failing to diligently supervise their audio preservation system. Citibank operated and maintained an audio preservation system on behalf of all three Citi entities. This system was the primary means of ensuring that audio recordings were maintained as required by CFTC regulations. However, due to a known design flaw, the system deleted millions of audio files, including recordings that were responsive to a CFTC subpoena and which Citibank had assured the Division of Enforcement were being preserved. The order requires the Citi entities to pay a \$4.5 million civil penalty.

## Federal Trade Commission:

- The Federal Trade Commission (FTC) [announced that online children's education company Age of Learning, Inc., which operates ABCmouse, will pay \\$10 million and change its negative option marketing and billing practices](#). The settlement resolves charges that the company made misrepresentations about cancellations and failed to disclose important information to consumers, leading tens of thousands of people to have their initial memberships renewed and be charged for memberships without proper consent. [The FTC's complaint](#) also alleges that ABCmouse users were unfairly billed without their authorization and that the company made it difficult for consumers to cancel their memberships, preventing consumers from avoiding additional charges. Although ABCmouse advertised "Special Offer" 12-month memberships for \$59.95, it failed to tell consumers that the plans would automatically renew indefinitely, leading them to incur additional charges.
- [Approximately \\$147 million is being mailed to 33,000 consumers](#) in the second distribution of refunds resulting from the [law enforcement actions brought against Western Union](#) by the FTC, the DOJ, and the U.S. Postal Inspection Service. Affected consumers are receiving compensation for 100 percent of their verified losses. More information about the Western Union refund program and its compensation to victims is available on the Western Union remission website at [westernunionremission.com](#).
- The FTC, along with more than 50 federal and state law enforcement partners (including attorneys general) announced "Operation Corrupt Collector," a nationwide law enforcement [sweep to protect consumers from phantom debt collection and abusive and threatening debt collection practices](#). This crackdown encompasses more than 50 [enforcement actions](#) against debt collectors engaged in these illegal practices brought by the FTC, three federal partners, and partners from 16 states.
- Boston-based [supplement marketer NutraClick LLC and its two officers have agreed to pay \\$1.04 million](#) and be banned from negative option marketing in order to settle FTC allegations that the company's deceptive



sales and billing practices violated federal law and a [2016 federal court order](#) from a prior FTC case. According to the [FTC's complaint](#) and [proposed contempt order](#), NutraClick and the other defendants violated the Restore Online Shoppers' Confidence Act, the FTC's Telemarketing Sales Rule, and the previous court order by failing to clearly and conspicuously disclose all material terms of their negative option sales offers, despite agreeing to do so in the 2016 order.

- The FTC [obtained a settlement with Online Trading Academy \(OTA\)](#) requiring the company to offer debt forgiveness to thousands of consumers who purchased its "training programs," while the company's founder and other individuals will together pay between \$5 million and \$9.1 million and turn over assets. The settlement is expected to result in more than \$10 million to benefit injured consumers. In February, the FTC [brought a lawsuit](#) alleging that OTA, led by Eyal Shachar, had deceived consumers for years with claims that purchasers of OTA's investment training were likely to generate significant income. [The settlement will require](#) OTA to offer debt forgiveness to consumers who have debt owed to OTA for its training. The company will be required to give these consumers [notice of the offer of debt forgiveness](#) and consumers will have 45 days to request forgiveness. Consumers who elect forgiveness will lose access to any OTA courses they have purchased. The settlement terms allow that for every dollar of debt forgiveness that OTA customers accept, Shachar's required payment will be decreased by 70 cents, up to \$4 million.
- The operators of a [student loan debt relief scheme will pay at least \\$835,000 to settle FTC allegations](#) that they charged illegal upfront fees and made false promises to consumers struggling with student loan debt. The settlement resolves FTC litigation against Carey G. Howe, Anna C. Howe, Shunmin Hsu, Ruddy Palacios, and Oliver Pomazi, five individuals who were named as defendants in the agency's 2019 complaint [alleging that Arete and the other defendants](#) pretended to be affiliated with the Department of Education and deceptively promised loan forgiveness, consolidation, and repayment programs to reduce or eliminate monthly payments and principal balances. Litigation continues against other defendants in the case, Jay Singh and the two corporate defendants he controls, as well as against seven defaulted corporate defendants.
- The FTC is [sending 70,142 checks and PayPal payments totaling \\$3,864,824 to consumers nationwide who bought Quell, a wearable device that supposedly would treat chronic pain](#) throughout the body when placed below the knee. [According to the FTC](#), Massachusetts-based NeuroMetrix, Inc. and its CEO, Shai Gozani, sold Quell, a transcutaneous electrical nerve stimulation device, to consumers, touting it as "clinically proven" and "FDA cleared" for widespread chronic pain relief. The FTC says that the defendants lack scientific evidence to support widespread chronic pain-relief claims, and their claims about clinical proof and the scope of FDA clearance for this use are false. [Under an order settling the FTC's charges](#), NeuroMetrix, Inc. and its CEO agreed to pay \$4 million to the Commission for refunds and to stop making the allegedly deceptive claims.
- The Third Circuit [reversed a court-ordered \\$448 million penalty against pharmaceutical companies AbbVie Inc., Abbot Laboratories, Unimed Pharmaceuticals LLC, and Besins Healthcare](#) for allegedly delaying generic forms of the testosterone treatment AndroGel through sham litigation, citing the U.S. Supreme Court's decision in [Liu v. SEC](#) while concluding the FTC lacked disgorgement authority.

## Securities and Exchange Commission:

- The SEC [announced charges against Unikrn Inc., an operator of an online eSports gaming and gambling platform](#) headquartered in Seattle, Washington, for conducting an unregistered initial coin offering of digital asset securities. Unikrn agreed to settle the charges by paying a \$6.1 million penalty, substantially all of the company's assets, to be distributed to investors. The [SEC's order](#) finds that Unikrn offered and sold UnikoinGold tokens as investment contracts, which constituted securities, yet failed to register the offering or qualify for an exemption.
- The SEC [charged Park View School, Inc., a state-funded, nonprofit charter school operator](#) based in Prescott Valley, Arizona, and its former President, Debra Kay Slagle, with misleading investors in an April 2016 municipal bond offering. Park View allegedly provided investors in \$7.6 million in bonds an offering document that included misleading statements about profit and expense projections and showed that Park View would be profitable in the upcoming fiscal year and able to repay the bondholders. Park View also allegedly withheld information showing significant operating losses.
- The SEC filed an [emergency action against Adam Rogas, the former CEO of Las-Vegas-based NS8 Inc.](#), which purports to provide fraud detection and prevention software to e-commerce merchants, seeking an asset freeze and charging Rogas with defrauding investors by falsely claiming millions of dollars in revenue. According to the SEC's complaint, Rogas allegedly sent the falsified bank statements and revenue figures on a monthly basis to NS8's finance department, which used them to prepare NS8's financial statements. The SEC alleges that as a result of Rogas's fraud, NS8 raised approximately \$123 million in 2019 and 2020, and that Rogas ultimately pocketed at least \$17.5 million of investor funds.

## In other federal news:

- The Federal Communications Commission (FCC) [adopted new rules to further promote implementation of the STIR/SHAKEN caller ID authentication framework](#) to protect consumers against malicious caller ID spoofing. The new rules make clear the obligations and deadlines for voice service providers regarding caller ID authentication, advance the use of caller ID authentication across the nation's phone networks, and prohibit voice service providers from adding any line item charges to the bills of consumer or small business customer subscribers for caller ID authentication technology. The new rules require voice service providers to either upgrade their non-IP (Internet Protocol) networks to IP and implement STIR/SHAKEN, or work to develop a non-IP caller ID authentication solution. They also require intermediate providers to implement STIR/SHAKEN so that IP calls retain caller ID authentication throughout the call path. The new rules also prohibit carriers from adding a line item to the bills of consumers and small businesses for caller ID authentication technology. The rules grant limited extensions to small voice providers provided they implement robocall mitigation programs.
- The FCC issued a [declaratory ruling clarifying its position that only the broadcasters of unsolicited faxes are liable](#) for violation of the Telephone Consumer Protection Act, not the advertisers themselves.
- The U.S. Department of Health and Human Services and the U.S. Food and Drug Administration (FDA) took actions to help provide safe, effective, and more affordable drugs to American patients as part of the [Safe Importation Action Plan](#), fulfilling the aspect of the July [executive order](#) on drug pricing to complete the rulemaking to allow states to import certain prescription drugs from Canada. The [final rule](#) implements a provision of federal law that allows FDA-authorized programs to import certain prescription drugs from Canada under specific conditions that ensure the importation poses no additional risk to the public's health and safety while achieving a significant reduction in the cost of covered products to the American consumer. The [final guidance](#) for industry describes procedures drug manufacturers can follow to facilitate importation of prescription drugs, including biological products, that are FDA-approved, manufactured abroad, authorized for sale in any foreign country, and originally intended for sale in that foreign country.
- The FDA announced [that Fortune Food Product, Inc., an Illinois-based processor of sprouts and soy products, has agreed to stop production](#) until it, among other things, undertakes remedial action and complies with the Federal Food, Drug, and Cosmetic Act. The action marks the first consent decree of permanent injunction against a firm or grower for violating public safety standards under the [Produce Safety Rule](#) enacted under the Food Safety Modernization Act of 2011. The Produce Safety Rule requires, among other things, that covered sprout operations take measures to prevent the introduction of dangerous microbes, including Listeria, into seeds or beans used for sprouting and take corrective actions when needed. The action follows several inspections showing regulatory violations and a July, 2018 FDA [warning letter](#) outlining food safety violations.
- Connecticut list brokerage firm Macromark Inc. pleaded guilty to [knowingly providing lists of potential victims to fraudulent mass-mailing schemes](#), USDOJ announced. The fraudulent schemes tricked consumers, many of them seniors, into paying fees for falsely promised cash prizes and purportedly personalized "psychic" services. Thousands of consumers lost more than \$9.5 million to the schemes. An officer of the firm, Steven Keats, was found guilty in July 2018. Another officer, Norman Newman, is awaiting trial.
- A North Carolina man pleaded guilty to charges that his company, Garland F. Fulcher Seafood Company Inc., at his direction, [falsely labeled hundreds of thousands of dollars' worth of foreign crabmeat as "Product of USA,"](#) USDOJ announced. According to information in the public record, Jeffrey A. Styron pleaded guilty to substituting South American and Asian crabmeat for domestic blue crab from 2014-2017 due to a shortfall in the supply of domestic blue crab. Styron is scheduled to be sentenced on December 7, 2020.
- Two U.S. and two Canadian individuals were charged by USDOJ for their roles [in operating mass-mailing fraud schemes which allegedly defrauded thousands of elderly and vulnerable victims collectively of tens of millions of dollars in victim losses.](#) New York residents Sean Novis and Gary Denkberg and, separately, Canadian nationals Alex Quaglia and Patrick Fraser were charged with running fraudulent mass-mailing schemes that tricked thousands of consumers into paying fees for falsely promised prizes for over a decade during the 2000's and mid 2010's.
- The U.S. Department of the Treasury released the [National Strategy 2020 on behalf of the Financial Literacy and Education Commission](#). [The National Strategy details](#) the federal government's financial literacy priorities and underscores its plan to collaborate with state, local, and tribal governments and the private sector to strengthen financial capability for all Americans. The National Strategy highlights evidence-based best practices and other methods to improve consumers' knowledge and skills.

## Attorney General Consumer Protection News and Other Items of Interest

**Led by Iowa Attorney General Tom Miller**, 48 attorneys general and the CFPB announced [\\$330 million in debt relief for former ITT Tech students](#). The settlement is with PEAKS Trust, which operated a private loan program for the benefit of the bankrupt for-profit school along with affiliated Deutsche Bank entities. ITT filed bankruptcy in 2016 amid investigations by state attorneys general and following action by the U.S. Department of Education to restrict ITT's access to federal student aid.

**Led by California Attorney General Xavier Becerra and Washington Attorney General Bob Ferguson**, a coalition of 49 attorneys general announced a [\\$60 million settlement with surgical mesh manufacturer C.R. Bard, Inc. \(Bard\) and its parent company, Becton, Dickinson and Company](#). The settlement resolves allegations that Bard deceptively marketed transvaginal surgical mesh devices to patients. The attorneys general [allege](#) that thousands of women implanted with surgical mesh have suffered serious complications resulting from these devices. Although use of surgical mesh involves the risk of serious complications and is not proven to be any more effective than traditional tissue repair, millions of women were implanted with the device. The attorneys general also allege Bard misled women about serious and life-altering risks of surgical mesh devices, such as chronic pain, scarring and shrinking of body tissue, painful sexual relations, and recurring infections, among other complications. Bard stopped selling and promoting its surgical mesh products in the United States by December 31, 2016. The settlement with Bard follows Attorney General Becerra securing a \$344 million [Superior Court judgment in January against Johnson & Johnson](#) for false and deceptive marketing of its pelvic mesh products for women.

**Led by Connecticut Attorney General William Tong**, a coalition of 44 attorneys general obtained [a \\$39.5 million multistate settlement with Anthem stemming from the massive 2014 data breach](#) that involved the personal information of 78.8 million Americans. Through [the settlement](#), Anthem has also agreed to a series of data security and good governance provisions designed to strengthen its practices going forward. In addition to this settlement, Anthem previously entered into a class action settlement that established a \$115 million settlement fund for affected customers. The deadline to submit claims for that fund has passed.

**Led by Minnesota Attorney General Keith Ellison, New York Attorney General Letitia James, and North Carolina Attorney General Josh Stein**, a coalition of 24 states wrote [a letter to the Office of the Comptroller of the Currency \(OCC\) objecting to a proposed federal rule](#) that would authorize lenders operating under agreements with National Banks to charge high interest rates on loans and essentially preempt state usury laws in so called "rent-a-bank" schemes, which, according to the letter, would upend longstanding law applying such laws to the "true lender." OCC and industry supporters hailed the rule as a "*Madden Fix*" related to the Second Circuit Court of Appeals' [Madden v. Midland Funding](#) decision. The *Madden* court stated that extending National Bank Act preemption to non-banks would "create an end-run around usury laws for non-national bank entities that are not acting on behalf of a national bank."

**Led by Illinois Attorney General Kwame Raoul**, a bipartisan coalition of 31 states filed an [amicus brief](#) in the U.S. Court of Appeals for the 6th Circuit to [support states' authority to enforce price gouging regulations](#) to protect consumers during emergencies, such as the COVID-19 pandemic. Raoul and the coalition are urging the appellate court to overturn a district court's decision in a lawsuit filed by the Online Merchants Guild against the Commonwealth of Kentucky. The court entered a preliminary injunction preventing Kentucky Attorney General Daniel Cameron from enforcing price gouging regulations against retailers selling products on Amazon, stating that the law, as applied, violated the dormant commerce clause of the U.S. Constitution.

**Arkansas Attorney General Leslie Rutledge** announced a [lawsuit against a medical center for fraudulently targeting Arkansan Latino communities with expensive COVID-19 treatments](#). The state's [complaint](#) alleges that Arkansas Regenerative Medical Center LTD (ARMC), the firm's medical director Sarah Knife Chief, M.D., and chiropractor Serge Francois, D.C. promoted to Northwest Arkansas's Latino community expensive stem cell and ozone therapies, costing upwards of \$3,000, to combat COVID-19. ARMC advertised on its website and Facebook page stem cell treatments and ozone therapy, claiming that they were "very effective" against COVID-19 and would allow employees to return to work more quickly. Consumers were charged upwards of \$3,000 for the useless treatments.

**California Attorney General Xavier Becerra**, the California Air Resources Board (CARB), the U.S. Environmental Protection Agency, and U.S. DOJ announced a [\\$1.5 billion settlement against Daimler AG, Mercedes-Benz USA, LLC, and their affiliates and subsidiaries \(collectively, "Daimler"\) for undisclosed emission control devices](#) on its diesel Sprinter vans and passenger vehicles from model years 2009 through 2016. Under the proposed settlement, Daimler will recall and repair the emissions systems in Mercedes-Benz diesel vehicles sold in the United States between 2009 and 2016 and pay \$875 million in civil penalties and roughly \$70.3 million in other penalties. The company will also extend the warranty period for certain parts in the repaired vehicles, perform projects to mitigate excess ozone-creating nitrogen oxides emitted from the vehicles, and implement new internal audit procedures designed to prevent future emissions cheating. In addition, California will receive about \$300 million, including \$17.5 million to the California Department of Justice for future environmental enforcement, monitoring, and investigation, as well as to



support environmentally beneficial projects in California. Copies of the consent decree lodged with the court are available [here](#). Further information about the settlement is available on EPA's [website](#).

**Colorado Attorney General Phil Weiser** announced that a [local lawn care company, Fit Turf, will pay \\$125,000](#) after enrolling consumers in automatically renewing services without their consent and calling thousands of numbers on the Colorado No-Call list. An investigation uncovered that Fit Turf used telemarketers to enroll thousands of Colorado consumers in lawn care services without disclosing that those services will automatically renew unless the consumer cancels them. The company also ignored the No Call list when, from 2015-2019, Fit Turf made calls to more than 132,000 phone numbers on the list.

**Connecticut Attorney General William Tong** is [urging cable companies to reimburse customers for lost services during the widespread days-long power outages](#) caused by Tropical Storm Isaias in August. [The letter](#) was sent to seven cable providers in Connecticut, following ongoing complaints from consumers that their cable providers are not reimbursing them for cable outages.

**Florida Attorney General Ashley Moody** issued a [consumer alert that the deadline to claim restitution](#) resulting from the Florida Attorney General's multimillion-dollar action to stop several tech support scams is fast approaching. The deadline to file a claim is Friday, Oct. 2. Thousands are eligible for restitution nationwide and consumers have already claimed hundreds of thousands of dollars. The claims process follows a massive tech support scam investigation by the Florida Attorney General's Office into the several companies. Banc of America Merchant Services, which provided payment processing for the accused companies entered into an agreement to provide a claims process to make \$7,200,000 available for victims. For more information on how to submit a claim, visit [FloridaAGReimbursement.com](#) or call the toll free number 1(877) 315-6101.

**Indiana Attorney General Curtis Hill** sued an [Indiana monument company accused by consumers of taking their money without providing gravestones](#) they ordered. This civil action against the company, Greenfield Granite, seeks consumer restitution and costs under the Indiana Deceptive Consumer Sales Act. As of Sept. 15, 2020, the Greenfield Police Department had taken approximately 70 reports in which consumers reported that Greenfield Granite failed to properly fulfill orders.

**Iowa Attorney General Tom Miller** announced a partnership with social enterprise Summer to [assist Iowa's student loan borrowers in securing relief in the face of the COVID-19 pandemic](#). Summer, a certified B Corp, gives student loan borrowers guidance to save on and simplify their student loan repayment. Summer's technology tools and team of student loan experts help borrowers find, compare, and enroll in loan assistance and forgiveness programs. Iowans can now access Summer's digital platform free of charge to receive customized loan savings recommendations at [www.meetsummer.org/IA/](#).

**Michigan Attorney General Dana Nessel** finalized a settlement agreement [requiring a major Texas-based Voice Over Internet Protocol \(VoIP\) service provider to implement strict, first-of-their-kind measures](#) aimed at collaboratively stopping illegal robocalls. [This settlement agreement with All Access Telecom Inc.](#) requires the VoIP service provider to modify its business practices to specifically clamp down on illegal robocalls. The settlement agreement requires All Access to conduct "know-your-customer" reviews of all existing and prospective customers, including their business practices, industry ratings, regulatory filings, legal histories, network modifications, and even the legal history of the customer's ownership. The sentence also requires that they immediately terminate customers that are problematic, namely if they are located overseas, are tied to illegal robocalls traced by law enforcement, send robocalls without notice, send a certain percentage of call traffic lasting less than 6 seconds, are blocked by another carrier pursuant to FCC approval, and do not deploy caller-ID authentication technology.

**Nebraska Attorney General Doug Peterson** announced that his office has reached a settlement with Celebrity Homes, Inc. ("Celebrity Homes"), [an Omaha homebuilder, to resolve allegations that the company used non-disparagement provisions in their sales contracts for custom homes](#) in violation of the Nebraska Consumer Protection Act and the Consumer Review Fairness Act (CRFA). The CRFA is a federal statute which prohibits businesses from using form contract provisions to prohibit consumers from writing or posting negative reviews online or threatening the consumers with legal action if they do. [Under the terms of the settlement](#), the company is required to notify customers whose contracts contained these illegal clauses that the provisions are void and cannot be enforced. Those customers can publish honest reviews on any social media or internet platform, even if their comments are negative. Finally, the company has agreed to pay \$15,000 to the Attorney General's Office.

**New Jersey Attorney General Gurbir S. Grewal** announced [actions against a dozen merchants for consumer protection violations related to COVID-19](#), with penalties totaling tens of thousands of dollars. Among those subject to enforcement actions are two North Jersey businesses that allegedly made false or unsubstantiated claims in the sale

of COVID-19 antibody tests and a New Jersey business that was selling face masks at as much as six times the manufacturer's retail prices.

**New Mexico Attorney General Hector Balderas**, the New Mexico Identity Theft Coalition, and the Identity Theft Resource Center hosted [a phone bank to assist victims of COVID-19-related scams and identity crime](#). The phone bank was held as part of a nationwide effort to help victims of COVID-19 scams and identity crime. Victims of COVID-19 scams or identity theft were encouraged to call in during the phone bank to receive resources and direct assistance.

**New York Attorney General Letitia James** filed a [lawsuit to put an end to an allegedly fraudulent debt collecting scheme](#) based out of Buffalo, New York. The state obtained a [temporary restraining order, halting the operation](#), and the corporate respondents' bank accounts were also frozen. Using a call spoofing service, the respondents allegedly disguised their phone numbers with contact information associated with the consumer's local county courthouse or sheriff's office. While impersonating these government officials, the debt collectors allegedly threatened consumers with pick-up orders, bench warrants, license suspensions, and other serious fraudulent threats. **Attorney General James** also announced that she has [secured protections for thousands of student borrowers who defaulted on student loans](#) and who were subject to misleading and unlawful actions by Transworld Systems, Inc. (Transworld), one of the nation's largest debt collectors. The agreement resolves an investigation of Transworld, the principal debt collector for the National Collegiate Student Loan Trusts, and allegations that Transworld violated multiple federal and state consumer protection laws by making false, misleading, and deceptive statements in National Collegiate Student Loan Trusts collection lawsuits and in communications with borrowers, and for filing these lawsuits beyond the applicable statute of limitations. [Under the settlement agreement](#), Transworld has agreed to make significant changes to its debt collection practices and to pay \$600,000, which will be disbursed as restitution to New York borrowers and/or penalties to the state. **General James** also announced a [settlement with Dunkin' Brands, Inc. \(Dunkin'\) resolving a privacy lawsuit](#) over the company's failure to respond to successful cyberattacks that compromised tens of thousands of customers' online accounts. [The settlement](#) requires the company to notify customers impacted in the attacks, reset those customers' passwords, and provide refunds for unauthorized use of customers' stored value cards. Dunkin' will also be required to maintain safeguards to protect against similar attacks in the future, follow incident response procedures when an attack occurs, and pay \$650,000 in penalties and costs to the state of New York.

**North Carolina Attorney General Josh Stein** reached a [\\$120,000 consent judgment with a North Carolina real estate business resolving allegations the company bilked homeowners and tenants](#). Stein's office sued J.S. Enterprises of Swansboro LLC and James Morris Stallings III alleging violations of North Carolina's Unfair and Deceptive Trade Practices Act related to home buying schemes. The judgment requires the defendants to pay \$110,000 to eligible affected consumers and \$10,000 in recoveries for the state of North Carolina, and also requires them to stop using illegal purchase, sale, and lease agreements and land trust schemes in their real estate property transactions. The state's [lawsuit alleged](#) the defendants bought properties from distressed homeowners with promises to deliver cash in hand or pay all closing costs, amongst other false advertising. In reality, the defendants gave promissory notes with small monthly payments and zero percent interest over a long period instead of the cash at the time of sale. In other instances, the defendants acquired consumers' homes without paying off their existing mortgages, and without making consumers aware that they would remain obligated to pay the underlying mortgages. Once they bought the properties, the defendants then leased them to consumers in financial hardship or with poor credit histories using lease agreements that violated North Carolina's landlord-tenant law. These agreements led consumers to believe that they would ultimately own the home and asked them to make and pay for repairs to the properties they were leasing.

**Ohio Attorney General Dave Yost** [announced settlements in a groundbreaking lawsuit against allegedly illegal robocall service Globex](#) and related companies and individuals. The lawsuit against ten defendants, six companies and four individuals, alleges the defendants deceived Ohio consumers with illegal robocalls offering bogus credit card interest rate reduction services. Ohio partnered with the FTC in suing the defendants in 2019. In the settlement, Globex Telecom, Inc. and associates agreed to pay Ohio and the FTC a total of \$2.1 million. Attorney General Yost and the FTC alleged in the lawsuit that Globex knowingly facilitated illegal robocalls for Educare Centre Services, Inc., which defrauded consumers in Ohio and other parts of the country out of millions of dollars with a debt relief scheme. This groundbreaking lawsuit was the first of its kind in the country to go after a Voice over Internet Protocol (VoIP) service provider that was knowingly facilitating the scheme.

**Oregon Attorney General Ellen Rosenblum** issued a [scam Alert about how to avoid disaster scams](#) in the wake of devastating wildfires affecting many western communities.

**Pennsylvania Attorney General Josh Shapiro** announced that his office has [filed a lawsuit](#) against Gillece Services, its owner Thomas Gillece, and two former service and field managers for allegedly [misleading Pennsylvania consumers into paying for unnecessary home improvement work](#), including the unnecessary replacement of sewer pipes. The office seeks the return of lost money to Pennsylvania consumers, civil penalties, and



to ban Gillece from the plumbing industry. The lawsuit alleges that Gillece's technicians routinely fail to make a good faith effort to unclog consumers' sewer pipes with a sewer snake before recommending costly excavation work to clear the clogs.

**Vermont Attorney General T.J. Donovan** has [prevailed on a motion to dismiss filed by Clearview AI in the lawsuit to stop the facial recognition company from collecting and selling images of Vermonters](#). [The court's ruling](#) means the case, which was filed in April, may now move forward. In its motion, Clearview failed to persuade the court that it has a First Amendment right to engage in its facial recognition surveillance practices and "near absolute immunity" from suit under Section 230 of the Communications Decency Act. Clearview also argued that the state's claims were void for vagueness under the U.S. Constitution and that the state lacked standing to bring the suit. The court rejected all of these arguments. In its decision, the Court struck two of the State's claims: one of the six deception claims and a claim that Clearview violated the state's Data Broker law.

**Virginia Attorney General Mark R. Herring** announced that his office has reached [a settlement with a Nashville-based open-end credit plan internet lender, Shiva Finance, LLC d/b/a Advance Financial 24/7](#) ("Advance Financial"). Advance Financial has agreed, as part of the [settlement](#), to provide \$1.2 million in total relief to approximately 1,500 consumers. Advance Financial offers short-term loans with periodic interest rates as high as 360% to Virginians in the form of open-end cash advances. During the period from October 2017 through January 20, 2020, Advance Financial's contract with Virginia consumers included a clause which required all parties to either participate in binding arbitration or file suit in a small claims court to resolve all disputes. Advance Financial then proceeded to file nearly 2,000 collection cases in general district courts throughout the Commonwealth with an attorney, rather than in small claims courts. The settlement resolves allegations that this conduct violated the Virginia Consumer Protection Act by misrepresenting the forum through which Advance Financial would resolve consumer disputes.

**Washington Attorney General Bob Ferguson** [filed a consumer protection lawsuit against e-cigarette company JUUL Labs, Inc. and PAX Labs, Inc.](#) Ferguson's lawsuit asserts JUUL violated the state Consumer Protection Act by designing and marketing its products to appeal to underage consumers and deceiving consumers about the addictiveness of its product. The complaint alleges JUUL's conduct fueled a pervasive and staggering rise in e-cigarette use and nicotine addiction among youth. In addition, [Ferguson's lawsuit asserts](#) that JUUL failed to meet Washington's tobacco vapor product licensing requirements and that from August 2016 until April 2018, every sale of a JUUL device in Washington was unlawful.

[Verizon Wireless and AT&T Mobility have agreed to pay a combined \\$127 million to settle whistleblower lawsuits claiming they overcharged California, Nevada and other state government customers for wireless services](#). Verizon will pay \$76 million and AT&T will pay \$51 million to settle claims that, for more than a decade, they knowingly ignored cost-saving requirements included in multibillion-dollar contracts offering wireless services to state and local government users in California, Nevada, and other states. Sprint and T-Mobile previously reached settlements totaling \$11.7 million. Combined, the four major telecom providers will pay \$138.7 million to settle allegations in the lawsuits. The carriers denied liability.

In price gouging news, a New York Supreme Court Judge has [dismissed the New York Attorney General's price gouging lawsuit](#) against Quality King Distributors in a one-page ruling. Although the court found that price increases "were seemingly priced to the extreme . . . pricing overall did not indicate any use of unfair leverage, an abuse of bargaining power or unconscionable means; nor did the pricing represent a gross disparity between the price of the goods and their value measured by the price at which they were sold immediately prior to March 7, 2020." The court also found that the wholesale distributor's costs had increased. In August, [in a one page order](#) a Texas court dismissed the Texas Attorney General's price gouging lawsuit against Cal-Maine, the nation's largest wholesale distributor of eggs. The order did not explain the court's reasoning and has been appealed by the Texas Attorney General.

## Charities

- A [sprawling fundraising operation that allegedly scammed consumers out of millions of dollars will be permanently banned](#) from charitable fundraising along with its owner and others involved in its operation as a result of a lawsuit brought by the FTC and **Attorneys General of New York, Virginia, Minnesota, and New Jersey**. The operation is made up of multiple companies all under the control of owner Mark Gelvan, along with his associates Thomas Berkenbush, William English, and Damian Muziani. The [complaint filed by the FTC and the states](#) alleges that the defendants served as the primary fundraisers for a number of sham charities that were the subject of numerous law enforcement actions. The complaint alleges that the sham charities claimed to use consumers' donations to help homeless veterans, retired and disabled law

enforcement officers, breast cancer survivors, and others in need. In fact, these organizations spent almost none of the donations on the promised activities.

- **Minnesota Attorney General Keith Ellison** [secured repayment and a permanent charitable-sector ban against a charity promoting accessible housing](#). Under a [settlement agreement](#), Blake Huffman, the former president of the charity Journey Home Minnesota ("JHM"), must pay back \$60,000 in funds that he misused from the charity. The settlement also permanently bans Huffman from operating a charity, having access to charitable assets, and soliciting charitable contributions in Minnesota. In addition, JHM must liquidate its assets, distribute them to a Minnesota-based veterans charity, and dissolve its operations.

## Veterans and Military News

- The Justice Department announced that it has reached an [agreement with the City of San Antonio, Texas to resolve allegations that the city violated the Servicemembers Civil Relief Act \(SCRA\)](#) by auctioning or otherwise disposing of cars owned by protected servicemembers without first obtaining court orders. Under the agreement, San Antonio must pay \$47,000 to compensate two servicemembers who complained that the city unlawfully auctioned off their cars while they were in military service. The city must also establish a \$150,000 settlement fund to compensate other servicemembers whose SCRA rights may have been violated and pay a \$62,029 civil penalty to the U.S. Treasury. The department's enforcement of the SCRA is conducted by the Civil Rights Division's Housing and Civil Enforcement Section and U.S. Attorneys Offices throughout the country. Since 2011, the Department has obtained over \$474 million in monetary relief for over 120,000 servicemembers through its enforcement of the SCRA. For more information about the Department's SCRA enforcement efforts, visit [servicemembers.gov](#).



**Todd Leatherman**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**August 2020**



### **Consumer Chief of the Month: Amy Haywood, Missouri**

Missouri is often referred to as the Show Me State, and I could not be more proud of what Missouri Attorney General Eric Schmitt's consumer protection team, as well as the entire NAAG consumer protection community, has shown the people they serve over these past few months. From all of us taking thousands of complaints in our own states to banding together with each other and our federal partners to combat fraud in these unprecedented times, we all rose to the occasion when COVID-19 struck our communities. Before that, we stepped in to try to turn the tide on the opioid crisis, and every day, in cases big and small, from home or back in the office, we are continuing to show our constituents what we can do. I am grateful to work with such amazing colleagues across the country on consumer protection issues.

It's fitting to serve as August Chief of the Month, because this August marks my 7th year at the Missouri Attorney General's Office. I originally joined the Litigation Section in August 2013. Three years later, I joined the Consumer Protection Section working on antitrust matters. In early 2017, I was promoted to Chief Counsel of the Consumer Protection Section.

[Read More](#) ➔

### **Article of the Month Using Consumer Protection Laws to Ensure Consumers' Access to Affordable Healthcare**

**By Audrey Udashen, Assistant Attorney General, Consumer  
Protection Division, Washington Attorney General's Office**

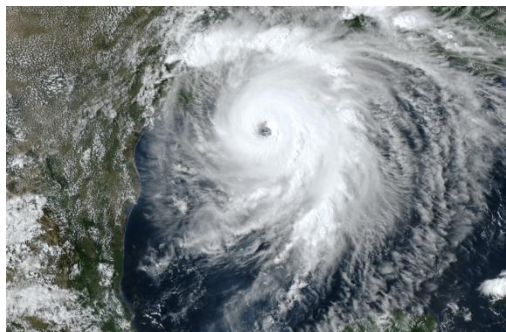
In 2015, the Consumer Protection Division of the Washington State Attorney General's Office ("Washington AGO") began an initiative to prosecute unfair and deceptive trade practices that affect Washingtonians' access to affordable healthcare under our state Consumer Protection Act ("Washington CPA"). This initiative has resulted in a number of successful enforcement actions that improve access to healthcare in Washington. Although some of the legal theories used in these cases were based upon Washington-specific laws, they drew upon foundational consumer protection concepts and could be replicated under other states' unfair and deceptive trade practice laws.





## Become a Subscriber

To subscribe to the Center for Consumer Protection Monthly Newsletter, [click here](#).



## Scam Alert:

[Be Alert for Scams in the Wake of Hurricane Laura](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The Consumer Financial Protection Bureau (CFPB or Bureau) announced [a settlement with TD Bank, N.A. regarding its marketing and sale of optional overdraft service](#). The Bureau alleged that TD Bank's overdraft enrollment practices violated the Electronic Fund Transfer Act and Regulation E by charging consumers overdraft fees for ATM and one-time debit card transactions without obtaining their affirmative consent, and that TD Bank engaged in deceptive and abusive acts or practices in violation of the Consumer Financial Protection Act. The Bureau also found that TD Bank engaged in practices prohibited by the Fair Credit Reporting Act and its implementing Regulation V. The [consent order](#) requires TD Bank to provide an estimated \$97 million in restitution to about 1.42 million consumers and to pay a civil money penalty of \$25 million.
- The CFPB issued a [Request for Information to examine the impact of the rules that implement the Credit Card Accountability Responsibility and Disclosure Act of 2009](#). In seeking comments on the consumer credit card market, the Bureau must conduct a review of the market every two years. Comments must be received by October 27, 2020.
- The CFPB announced that it will provide an additional 60 days for public comment on its [Request for Information on how best to create a regulatory environment that expands access to credit](#) and ensures that all consumers and communities are protected from discrimination in all aspects of a credit transaction. The original deadline for submissions was October 2, 2020. The comment period will now close on December 1, 2020.

## Federal Trade Commission:

- The Federal Trade Commission (FTC) [is mailing checks and sending PayPal payments totaling more than \\$9.1 million](#) to customers who paid for an "Amazing Wealth System" workshop. [According to the lawsuit brought by the FTC](#), the defendants, FBA Stores and related companies and individuals, falsely claimed their "Amazing Wealth System" would enable people to create a profitable online business selling products on Amazon. However, the defendants had no affiliation with Amazon.com, buyers did not earn the advertised income, most consumers lost significant amounts of money, and many of the customers experienced problems with their Amazon stores, including losing their ability to sell on Amazon.com. The FTC is sending checks to 13,348 customers with an average refund amount of \$684.24.
- The FTC filed suit against [three online merchandisers for failing to deliver on promises that they could quickly ship COVID-related safety products](#) like face masks, sanitizer, and other personal protective equipment (PPE) related to the coronavirus pandemic. The lawsuits allege that the companies violated the FTC's Mail, Internet and Telephone Order Rule, which requires that companies notify consumers of shipping delays in a timely manner and give consumers the chance to cancel orders and receive prompt refunds.

- [A leading provider of merchant cash advances used deception to lure small business customers](#), then regularly withdrew money from their accounts without consent even after the customers had repaid the money they owed, according to an FTC lawsuit. The [FTC's complaint](#) against Yellowstone Capital LLC, Fundry LLC, their founder and CEO Yitzhak Stern, and president Jeffrey Reece, alleges that they unlawfully withdrew millions of dollars in excess payments from their customers' accounts, and to the extent they provided refunds, sometimes took weeks or even months to provide them.
- The FTC announced it has [sent letters warning 20 more marketers nationwide to stop making unsubstantiated claims that their products and therapies can prevent or treat COVID-19](#). Several of the letters target "treatments" the Commission has warned companies about previously, including intravenous Vitamin C infusions, ozone therapy, and supplements. Others challenge claims that nasal spray, skincare products, or acupuncture can prevent or treat COVID-19. There is no scientific evidence that these, or any, products or services can prevent or treat the disease.

## In other federal news:

- Federal Communications Commissioner Geoffrey Starks sent letters to [AT&T Inc.](#) and [Verizon Communications](#) [inquiring about the aggregation and monetization of sensitive consumer data](#) that is generated for advertising placement purposes. [Recent reports](#) indicate that this data is being used to track Americans' locations to protests and places of worship. In the letters, Commissioner Starks seeks details about AT&T and Verizon's participation in real-time bidding exchanges for mobile advertising. The letters also request details on each provider's policies and procedures to prohibit or minimize tracking of Americans to protests, including the Black Lives Matter protests, and other sensitive locations, including places of worship and medical providers.
- The FCC announced [steps taken to reduce fees and telephone calling rate charges for incarcerated individuals](#). In a Further Notice of Proposed Rulemaking, the FCC proposed new rate caps for interstate inmate calling services (ICS) from current rates of \$0.21 per minute for debit and prepaid calls and \$0.25 per minute for collect calls to \$0.14 per minute for debit, prepaid, and collect calls from prisons, and \$0.16 per minute for debit, prepaid, and collect calls from jails. The Further Notice also proposes to adopt rate caps for international ICS calls for the first time.
- The Office of the Comptroller of the Currency (OCC) [assessed an \\$80 million civil penalty against Capital One, N.A., and Capital One Bank \(USA\), N.A.](#) related to a 2019 data breach based on the bank's failure to establish effective risk assessment processes prior to migrating significant information technology operations to the public cloud environment and the bank's failure to correct the deficiencies in a timely manner. The OCC found the deficiencies to constitute unsafe or unsound practices and resulted in noncompliance with 12 C.F.R. Part 30, Appendix B, "Interagency Guidelines Establishing Information Security Standards." The OCC penalty will be paid to the U.S. Treasury.
- The U.S. Court of Appeals for the 10<sup>th</sup> Circuit issued a [decision](#) in favor of the U.S. Consumer Product Safety Commission, reversing the district court which had held that a [2017 recall order](#) violated due process based on statements by one commissioner which the manufacturer for the recalled products (Zen Magnet LLC) alleged showed bias. The recall order was issued by the Commission based on the conclusion that the magnets constituted a swallowing hazard for children.
- The Securities and Exchange Commission [charged former Georgia state legislator and former member of the Georgia Board of Regents](#) Clarence Dean Alford with defrauding at least 100 investors in his now-bankrupt energy development company, Allied Energy Services LLC. According to the SEC's complaint, from 2017 to 2019, Alford fraudulently raised at least \$23 million by selling promissory notes to investors, primarily Indian-American professionals, that he guaranteed would provide high annual rates of return.
- The U.S. Food and Drug Administration (FDA) [warned consumers about alcohol-based hand sanitizers](#) that are being packaged in containers that may appear as food or drinks and may put consumers at risk of serious injury or death if ingested. The agency has discovered that some [hand sanitizers](#) are being packaged in beer cans, children's food pouches, water bottles, juice bottles and vodka bottles. Additionally, the FDA has found hand sanitizers that contain food flavors, such as chocolate or raspberry. Drinking only a small amount of hand sanitizer is potentially lethal to a young child, who may be attracted by a pleasant smell or brightly colored bottle of hand sanitizer.
- The U.S. Department of Justice (USDOJ) announced entry of a consent decree imposing a [permanent injunction shutting down telecom carriers who facilitated hundreds of millions of fraudulent robocalls](#) into the U.S. telephone system. Under the terms of the consent decree, defendants Nicholas and Natasha Palumbo of Scottsdale, Arizona, and their companies, Ecommerce National LLC d/b/a TollFreeDeals.com and SIP Retail d/b/a sipretail.com, agreed to be permanently barred from, among other things, using the U.S. telephone system to: deliver prerecorded messages through automatic means, carry voice-over internet protocol calls destined for phones in the United States, and from providing any U.S. phone numbers to other individuals or entities. In addition, the defendants are permanently barred from serving as employees, agents, or consultants to any person or entity engaged in these activities.

- USDOJ announced that it obtained a [temporary restraining order in federal court to combat fraud related to the coronavirus \(COVID-19\) pandemic](#). Defendants Thu Phan Dinh, Tran Khanh, and Nguyen Duy Toan, all residents of Vietnam, are alleged to have engaged in a wire fraud scheme seeking to profit from the COVID-19 pandemic. According to the complaint, defendants operated more than 300 websites that fraudulently purported to sell products that became scarce during the pandemic, including hand sanitizer and disinfectant wipes. Thousands of victims in all 50 states attempted to purchase these items from defendants' websites. Victims paid for items supposedly sold through the websites but never received the purchased products. An emergency *ex parte* temporary restraining order required that the registrar and registries of defendants' fraudulent websites take immediate action to disable them.

## Attorney General Consumer Protection News and Other Items of Interest

*Editor's Note: Attorneys general from across the country have issued numerous consumer alerts and guidance for avoiding COVID-19 related scams. Attorneys general have also issued cease and desist letters and engaged with private industry urging action to halt price gouging on important consumer goods and safety equipment. Space does not permit inclusion of a summary of each such release in the Center for Consumer Protection Monthly, however a representative sample of such releases is provided in the news items below. Each such release is available on [consumerresources.org](http://consumerresources.org), our public-facing consumer protection website.*

**Led by South Carolina Attorney General Alan Wilson and an executive committee of Connecticut, Arkansas, the District of Columbia, Florida, Georgia, Maryland, New Jersey, Oregon, South Dakota, and Texas,** 48 attorneys general [announced a multistate settlement of more than \\$85 million with American Honda Motor Co., Inc. and Honda of America Mfg., Inc.](#) (collectively "Honda"), over allegations Honda concealed safety issues related to defects in the frontal airbag systems installed in certain Honda and Acura vehicles sold in the United States. The systems were designed and manufactured by Takata Corporation, a long-time Honda supplier, and were first installed in Honda vehicles in the 2001 model year. The settlements provide for injunctive and remedial relief.

**A bipartisan coalition of 44 attorneys general** [urged Congress to help senior victims of fraud by including Edith's Bill in COVID-19 relief legislation](#). The legislation would amend the Victims of Crime Act of 1984 to include victims of senior fraud as eligible for reimbursement by the Crime Victims Fund for states that provide compensation to victims.

**Led by the Alaska and Illinois attorneys general,** a bipartisan coalition of 30 attorneys general [urged the U.S. Senate to provide relief for all federal student loan borrowers impacted by the COVID-19 pandemic](#). The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) currently only covers federal student loans owned by the federal government, excluding nearly 8 million borrowers whose federal student loans are owned by private entities.

**Led by California Attorney General Xavier Becerra and Louisiana Attorney General Jeff Landry,** a bipartisan coalition of 34 attorneys general [sent a request](#) to the U.S. Department of Health and Human Services, National Institutes of Health, and Food and Drug Administration, urging them to [use their legal authority under the Bayh-Dole Act to increase the availability of Remdesivir](#), a drug which has shown promising results in reducing mortality and hospitalization from COVID-19. In the letter, the bipartisan coalition urges the federal government to license Remdesivir to third party manufacturers to scale up production and distribution and ensure the drug is made available to all those in need at a reasonable price. If these agencies are unwilling to exercise this authority, the letter requests that the agencies assign this authority for the states to use.

**A multistate coalition of 24 attorneys general** submitted [a comment letter opposing the Consumer Financial Protection Bureau's proposed rule on the collection of time-barred debt](#). In the letter, the coalition argues that the proposed rule is contrary to both the Fair Debt Collection Practices Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act and also fails to adequately protect consumers' rights.

**Led by California Attorney General Xavier Becerra and Massachusetts Attorney General Maura Healey,** a coalition of 23 attorneys general filed a lawsuit against Secretary of Education Betsy DeVos and the U.S. Department of Education (ED) [challenging their action to repeal and replace the 2016 "borrower defense" regulations](#). The [complaint](#) alleged that ED's repeal of the 2016 regulations violated the Administrative Procedure Act and replaced them with new regulations that make it nearly impossible for victimized students to obtain financial relief, while rolling back oversight over unscrupulous and predatory schools.

**A multistate coalition of eight attorneys general** filed a lawsuit [challenging the Federal Deposit Insurance Corporation's \(FDIC\) final rule that allegedly creates a loophole allowing predatory lenders to evade state laws that forbid excessive interest-rate charges](#). Under existing federal law, federally insured state-chartered banks are exempt

from state interest-rate caps. The FDIC's final rule extends these exemptions to any non-bank lender that buys loans originated by an exempt bank. [In the lawsuit](#), the coalition argues that the FDIC's final rule conflicts with the Federal Deposit Insurance Act, exceeds the FDIC's statutory authority, and violates the Administrative Procedure Act.

**Arizona Attorney General Mark Brnovich** announced [a \\$22.5 million judgment and a permanent injunction against vaping seller Eonsmoke, LLC](#), resolving a [consumer fraud lawsuit](#) filed in January 2020 to stop Eonsmoke from selling illegal vaping products and targeting youth in Arizona. In February 2020, the trial court issued a [preliminary injunction](#), ordering Eonsmoke to immediately cease the sales of illegal vaping products. Arizona's action followed an October 2019, [FDA warning letter](#) informing Eonsmoke that it was manufacturing and selling 96 illegal products that did not receive proper FDA approval. The judgment included \$21,974,000 in civil penalties, \$511,136 in disgorgement of revenues, and \$50,000 in attorneys' fees.

**Arkansas Attorney General Leslie Rutledge** applauded the decision [dismissing a lawsuit against the State of Arkansas, filed by Jim Bakker](#) and his production company, Morningside Church Productions, Inc., d/b/a The Jim Bakker Show. The U.S. District Court for the Western District of Missouri issued its dismissal [holding that it lacked personal jurisdiction](#) over the Attorney General, sued in her official capacity, due to a lack of minimum contacts. General Rutledge has a separate lawsuit against Jim Bakker and his production company in Arkansas state court for allegedly falsely telling Arkansas consumers that colloidal silver products would cure, eliminate, kill or deactivate COVID-19. Approximately 385 Arkansans made purchases from Bakker's company totaling approximately \$60,524 for colloidal silver products between January 1 and March 9, 2020.

**California Attorney General Xavier Becerra** filed a [petition seeking a court order requiring two companies in the egg supply chain to comply with investigative subpoenas and interrogatories](#). California Farms LLC, a California egg distributor, and its parent company and main supplier Dakota Layers LLC, located in South Dakota, are suspected of charging excessive prices during a state of emergency and violating California's price gouging laws. **General Becerra** also [announced approval by the Office of Administrative Law \(OAL\) of final regulations under the California Consumer Privacy Act](#). Proposed final regulations were [submitted](#) to the OAL by Attorney General Becerra on June 1, 2020. During OAL's review process, additional revisions were made to the proposed regulations. The approved regulations go into effect immediately. **General Becerra** also announced [\\$11.375 million settlement with Honda](#) regarding faulty frontal airbag systems manufactured by Takata.

**Colorado Attorney General Phil Weiser** [announced a \\$3 million judgment obtained against a for-profit college, College America. The court's 160-page Findings of Fact, Conclusions of Law and Judgment](#) followed a four-week bench trial in late 2017 and awarded \$3 million in civil penalties. The court painstakingly detailed evidence presented by the state of College America's actions and concluded that the college had knowingly made false and misleading representations about potential wages and types of jobs graduates could expect. The \$3 million penalty was the statutory maximum for what the court deemed to be six series of violations. **General Weiser** also announced that his office has reached a [settlement in two precedent-setting lawsuits involving Colorado's right to enforce its interest rate limits on consumer loans](#) to protect residents from predatory lending practices. Under federal law, certain out-of-state banks can lend in Colorado at interest rates that exceed Colorado's limits. The Attorney General alleged that non-banks Avant and Marlette illegally partnered with two out-of-state banks, WebBank and Cross River Bank, respectively, in a scheme to "rent" those banks' ability to lend above Colorado's rate limits. [Under the settlement](#), WebBank, Cross River Bank, and all of their non-bank partners, agreed not to lend to Colorado consumers at rates above 36%, will maintain a Colorado lending license, and pay \$1,050,000 to the state. **General Weiser** also announced [\\$1.2 million in debt relief and the return of more than \\$66,000 to former Art Institute of Colorado students](#) who were allegedly defrauded when the school's corporate owner, Dream Center Education Holdings, failed to inform them that it lost its accreditation from the Higher Learning Commission.

**Connecticut Attorney General William Tong** is [alerting consumers to potentially unlawful surcharges for PPE equipment by healthcare providers](#) that may violate the Connecticut Unfair Trade Practices Act. General Tong sent a letter to several healthcare provider associations and licensing boards to alert their members that charging patients an additional fee for PPE constitutes illegal balance billing when the charges are assessed in connection with in-network services covered by the patients' insurance plans. Connecticut laws prohibit participating providers from charging such fees to insured consumers.

**District of Columbia Attorney General Karl A. Racine** [announced a lawsuit against Instacart, a grocery delivery service](#), for allegedly charging District consumers millions of dollars in deceptive service fees and for failing to pay hundreds of thousands of dollars in District sales tax. The [complaint alleges](#) that for a span of 18 months, Instacart failed to clearly disclose to consumers that optional service fees were added on their bills and led them to believe these fees were tips for their delivery workers, when the fees were allegedly kept as an extra revenue source by the company and did not increase workers' pay. Additionally, it alleges that Instacart violated District tax law and failed to collect hundreds of thousands of dollars in sales taxes on delivery and service fees it collected. **General Racine** also announced a [suit against Town Sports International, LLC \(TSI\), for failing to abide by promises made to Washington](#)



[Sports Club members](#) while its facilities were closed due to the COVID-19 pandemic. In [mid-April](#), responding to a [letter](#) sent by AG Racine and other state attorneys general, TSI had agreed to freeze memberships, credit consumers for dues paid while their gyms were inaccessible, and process requests for cancellations. Since reopening on June 22, however, the company has neither issued those credits to account holders, nor processed all membership cancellations.

**Florida Attorney General Ashley Moody** announced a [settlement that provides restitution to businesses scammed into purchasing unnecessary corporate certificate services](#). [The proposed stipulated consent judgment](#) requires Leandro Rodriguez, owner of Florida State Filing Corporate and Certificate Filing Service, to pay more than \$75,000 in restitution to resolve claims he sent solicitations which allegedly gave the misleading impression of being from the state, seeking payments of \$68 or \$78 for a certificate of status that the solicitations falsely indicated were required by the state.

**Illinois Attorney General Kwame Raoul** filed a [lawsuit against Skokie Motor Sales, Inc. operating as Sherman Dodge, for allegedly engaging in unfair and deceptive advertising and business practices](#). The dealership allegedly violated motor vehicle advertising regulations relating to sales events, trade-in values, discount substantiation, and advertised prices. In [the lawsuit](#), Raoul also alleges that Sherman Dodge violated a 2016 settlement in which Dodge agreed to not sell a vehicle for more than the advertised price, advertise a vehicle that it had already sold or leased, guarantee a specific value for a trade-in vehicle, advertise a sale without reducing the selling price of vehicles listed in an advertisement by at least 5 percent, or include limited rebates in an advertised price.

**Kansas Attorney General Derek Schmidt** [announced that a Missouri tree care, asphalt and paving company and its owner have been permanently banned from door-to-door sales in Kansas](#) and ordered to pay nearly \$20,000 in fines and restitution for violations of the Kansas Consumer Protection Act involving elderly residents. The [consent judgment](#) also requires defendants Harlan Wayne Dilday, along with Dilday & Sons Complete Tree Care, LLC, and Dilday & Sons Asphalt and Paving, LLC, owned by Harlan Dilday to pay \$10,000 in civil fines and penalties, \$8,000 in restitution, and \$1,705.50 in investigative fees and expenses.

**Kentucky Attorney General Daniel Cameron** [warned of a potential scam related to unsolicited packages from foreign countries containing personal protective equipment](#), such as masks or face shields which may be part of what is commonly known as a "brushing" scam. These scams are often used by third-party sellers to obtain five-star reviews for their products. Companies who employ this scam send inexpensive items to the homes of U.S. residents and then write a review of their product using the resident's name and address.

**Massachusetts Attorney General Maura Healey** announced a [\\$10 million settlement with a Connecticut-based competitive electric supplier](#) and two of its principals including \$7.25 million to affected consumers. The consent judgment settles claims against Starion Energy, Inc., Ruzhdi Dauti, and Dashmir Murtishi, that they used unfair and deceptive sales tactics to lure more than 100,000 Massachusetts customers into expensive contracts with high electricity rates. **General Healey** also announced a lawsuit [against national auto lender Credit Acceptance Corporation \(CAC\)](#) for allegedly making unfair and deceptive auto loans to thousands of Massachusetts consumers, providing investors with false or misleading information regarding auto securities they offered, and engaging in unfair debt collection practices. The [complaint](#) alleges that since 2013, CAC failed to inform investors that the company topped off the pools of loans that they packaged and securitized with higher-risk loans, despite claiming otherwise in disclosures to investors. The complaint also alleges that CAC has made high-interest subprime auto loans to Massachusetts borrowers that the company knew borrowers would be unable to repay, in violation of state law.

**Michigan Attorney General Dana Nessel** announced a settlement agreement requiring a California-based telecom carrier, charged with carrying foreign illegal robocall traffic to exit the VoIP telecom industry and cease operations. The Attorney General's office used consumer complaints to trace illegal robocalls regarding Social Security Administration scams and auto-warranty scams to MODOK LLC. **General Nessel** also announced that as part of a plea deal, the former owner of a funeral home was ordered to pay back \$213,000 after he used money, which was given to him by clients for their prepaid funeral contracts, to support his business. Defendant Denis Robert Johnson, 70, was also sentenced to serve up to 60 days in county jail and probation after his release. **General Nessel** also announced [a \\$1.8 million settlement with foreign online car title loan company Liquidation LLC](#), which did business in Michigan under the names "Autoloans" and "Car Loans." These companies made online vehicle loans to Michigan consumers at triple-digit interest rates, often in excess of 231 percent APR. In addition to the civil settlement, Liquidation LLC previously pled no contest to 21 counts of larceny by false pretenses.

**Minnesota Attorney General Keith Ellison** announced the receipt of a [2020 Notable Document Award](#) from the National Conference of State Legislatures. The award was conferred on the report of General Ellison's [Task Force on Lowering Pharmaceutical Drug Prices](#). The full report, including 14 recommendations and 57 action steps, is available [here](#).

**North Carolina Attorney General Josh Stein** released [guidance for North Carolinians who are struggling financially as a result of the coronavirus pandemic](#). Included is guidance for people struggling with [utility bills](#), [rent](#), and [mortgage payments](#). **General Stein** also announced that he is filing a lawsuit against Stephen Gould Corporation [alleging price gouging on N95 or similar face masks](#) to the North Carolina Department of Public Safety, Duke Health, UNC Health, and the Charlotte Chapter of the American Red Cross. **General Stein** also announced a \$100,000 price gouging settlement with an Idaho water damage restoration company, Boise Disaster Services LLC/Servpro. The settlement results in the dismissal of Servpro of Boise's lawsuits against customers and cancels bills of more than \$100,000 in allegedly unlawful charges for services following Hurricane Florence.

**Pennsylvania Attorney General Josh Shapiro** obtained [a settlement with student loan company Equitable Acceptance Corporation \(Equitable\) requiring the company to cease operations](#) in Pennsylvania and cancel nearly \$200,000 in debt for its former Pennsylvania customers. Equitable allegedly charged consumers on average \$1,300 in fees to enroll them in student loan repayment programs offered through the U.S. Department of Education that consumers can enroll in for free. Equitable then charged these borrowers interest rates ranging from 17.99% to 20.99% for the financing. Some of the student loan debt relief companies were allegedly scams that took advantage of borrowers and failed to provide any of the services as advertised. **General Shapiro** also announced that a Jamaican national named Kristoff Cain operating a [Jamaican lottery scam](#) taking millions of dollars from elderly Pennsylvanians has been sentenced to 70 months in prison. **General Shapiro** also announced that his office [filed a consumer protection suit](#) against an individual, Juliane Von Schmeling, and her company, The Baroness Consulting & Mediation, LLC, for engaging in the unauthorized practice of law. The defendants advertised mediation services.

**Texas Attorney General Ken Paxton** obtained a [temporary restraining order against a Texas clinic for misrepresenting the character of its COVID-19 testing and failed to secure patients' sensitive personal information](#). According to the [suit](#), Clinica Hispana claims its tests can diagnose an active infection, but the type of tests used by the clinic are not approved for that use. The clinic also allegedly threw away test results using an unsecured dumpster behind the clinic, which directly violates Texas identity theft laws.

**Virginia Attorney General Mark R. Herring** announced that he has reached [a settlement with Venture Pest Control of Charlotte, L.L.C.](#) to resolve allegations that the company failed to properly notify consumers of their three-day right to cancel a home solicitation sale, and failed to provide required disclosures in connection with a continuous service offer. Under the terms of the settlement, the company agrees to offer refunds totaling \$17,463 to 145 consumers who entered into agreements with the company, and who were required to pay an early-termination fee to cancel their agreements.

**Washington Attorney General Bob Ferguson** announced that a state court judge [ordered air duct cleaning companies and their owner to pay civil penalties of \\$10 million](#) in lawsuit over deceptive advertisements and robocalls. US Air Ducts & Sky Builders Inc. and DLM Services Inc., as well as owner Rami Mornel allegedly made over 13 million robocalls within Washington state from 2017 to 2019, including calling more than 500 individual Washington consumers over 100 times. **General Ferguson** also announced a [lawsuit against a company that marketed vapor products containing nicotine in a way that appealed to youth](#), then sold the products without verifying the buyers' ages. The company, E-Juice Vapors, allegedly failed to comply with numerous age verification requirements intended to prevent youth from purchasing vapor products online. Moreover, E-Juice Vapors never received a license from the state to deliver vapor products into Washington as required by Washington law.

**West Virginia Attorney General Patrick Morrisey** [filed opioids-related lawsuits against Walmart and CVS](#) alleging they should pay for helping create the state's opioid epidemic and act to remediate what became a public health and financial crisis. The lawsuits allege [Walmart](#) and [CVS](#), as individual distributors, supplied far more opioids to their retail pharmacies than necessary to meet a legitimate market and ordered additional pills from other distributors to fulfill demand. The Attorney General contends Walmart and CVS each knew its obligation to halt suspicious orders to its retail pharmacies but failed to monitor for and report such activity.

A [proposed class action](#) filed in the U.S. District Court for the Western District of Virginia alleges Wells Fargo has placed certain customers' mortgages into forbearance under the CARES Act without authorization to do so as a means to increase its mortgage servicing income. Wells' actions also allegedly hurt those whose credit reports reflected the forbearance as they sought other financial services amid the economic downturn.

## Charities

**California Attorney General Xavier Becerra** announced a [settlement with Verity Health System of California, Inc. \(Verity\) and Prime Healthcare Services, Inc. \(Prime\)](#), putting in place additional conditions on Verity's sale of St. Francis Medical Center in Los Angeles County to Prime. The settlement requires Prime to provide funding for charity care and community benefit services in the communities surrounding St. Francis over the next six fiscal years. Over

the course of the six fiscal years of the deal, the settlement requires Prime to provide \$9.35 million per year in charity care, and approximately \$1.6 million per year in community benefit services. Under California law, any proposed sale of a non-profit health facility to a for-profit corporation must secure the approval of the state attorney general.

**District of Columbia Attorney General Karl A. Racine** filed [a lawsuit against the NRA Foundation and the National Rifle Association \(NRA\) for misusing charitable funds](#) to support wasteful spending by the NRA and its executives. [The lawsuit](#) alleges that the NRA Foundation violated District laws by allowing charitable funds to be used for noncharitable purposes, failing to operate independently, and placing the NRA's interests ahead of its own charitable purposes. The suit also alleges that the Foundation's Board of Directors was controlled by the NRA and allowed the NRA to exploit it through risky multi-million-dollar loans, including a \$5 million loan that the NRA has never repaid. Additionally, the foundation allegedly agreed to pay the NRA millions of dollars in fees without documentation of the work the NRA was performing or how it supported the foundation's charitable purposes. With this lawsuit, the office is seeking to return the charitable funds improperly wasted on the NRA to the foundation and a court order imposing changes to the foundation to ensure it is operated independently and fulfills its charitable purposes.

**Minnesota Attorney General Keith Ellison** asked a court to remove the trustees of a trust formed to relieve poverty in St. Paul. Trustees of the Otto Bremer Trust, Brian Lipschultz, Daniel Reardon, and Charlotte Johnson are alleged to have breached fiduciary duties, failed to administer the trust effectively and in accordance with the directives of its founder, and committed multiple violations of state laws governing charitable trusts. [Two petitions](#) and an associated [memorandum of law](#) detail the allegations.

**New York Attorney General Letitia James** filed a [lawsuit seeking to dissolve the National Rifle Association \(NRA\)](#). General James charges the organization with illegal conduct because of defendants' alleged diversion of millions of dollars away from the charitable mission of the organization for personal use by senior leadership, awarding contracts to the financial gain of close associates and family, and appearing to dole out lucrative no-show contracts to former employees in order to buy their silence and continued loyalty. [The suit specifically charges](#) the NRA as a whole, as well as Executive Vice-President Wayne LaPierre, former Treasurer and Chief Financial Officer Wilson "Woody" Phillips, former Chief of Staff and the Executive Director of General Operations Joshua Powell, and Corporate Secretary and General Counsel John Frazer with failing to manage the NRA's funds and failing to follow numerous state and federal laws, contributing to the loss of more than \$64 million in just three years for the NRA.

## Veterans and Military News

- On Saturday, August 8, 2020, [President Trump signed into law the Veteran Treatment Court Coordination Act](#), which directs the United States Department of Justice to establish a veteran treatment court program to coordinate grants, training, and technical assistance for states, municipalities, and American Indian tribes to set up and operate special courts for veterans accused of nonviolent crimes. The act also directs coordination between the Department of Justice and the Department of Veterans Affairs on the program. The bill received [a letter of support from 44 attorneys general in November 2019](#).
- The CFPB [issued a consent order against PHLoans.com, Inc. \(PHLoans\)](#) and [Go Direct Lenders, Inc. \(Go Direct\)](#) who are mortgage brokers or lenders in about 11 states that offer and provide mortgage loans guaranteed by the United States Department of Veterans Affairs (VA). The settlements resolve allegations that PHLoans and Go Direct sent consumers numerous mailers for VA-guaranteed mortgages that contained false, misleading, and inaccurate statements or that lacked required disclosures in violation of the Consumer Financial Protection Act, the Mortgage Acts and Practices Advertising Rule, and Regulation Z. The consent orders require [PHLoans](#) to pay \$260,000 and [Go Direct](#) \$150,000 in civil penalties and imposes requirements to prevent future violations.
- USDOJ filed a lawsuit in Florida alleging that [Target Recovery Towing Inc. and Target Recovery & Transport Inc. \(together "Target"\) violated the Servicemembers Civil Relief Act \(SCRA\)](#), by failing to obtain a court order before auctioning off a car belonging to a U.S. Marine Corps Sergeant who was deployed overseas. The SCRA, which provides a wide variety of financial and housing protections to members of the military, prohibits towing companies from auctioning off servicemembers' vehicles without a court order.

## Upcoming Events

The **2020 NAAG Consumer Protection Fall Conference** will be held virtually from October 26-28, 2020. Details coming soon.

The **2020 NAAG/NASCO Charities Conference** will be held virtually from November 17-19, 2020. Details coming soon.



[Todd Leatherman](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

The **National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.



1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

**July 2020**



## Consumer Chief of the Month: Michael Wertheimer, Connecticut

They call Connecticut the Land of Steady Habits, but even here the last few months have been anything but steady. The COVID-19 pandemic forced us to adjust to full-time tele-working at the very time that our workload doubled. We found ourselves building systems remotely to handle a massive influx of price gouging complaints as we pursued other COVID-related investigations and balanced our already busy workload. These challenging times remind us of why we do what we do. Protecting consumers and ensuring the fairness of the marketplace is always important, but never more so than when consumers are at their most vulnerable.

I was raised in Garrett Park, Maryland and I returned to the D.C. area after law school to clerk for the Honorable Royce C. Lamberth on the United States District Court for the District of Columbia, hands down the best legal job ever. From there I spent four years in the Enforcement Division of the United States Securities and Exchange Commission, where I was surrounded by top-notch investigators and litigators and learned a lot. Then, in (gulp) 1996, my wife and I moved to her home state of Connecticut where I joined the Attorney General's Office.

[Read More](#) ➔

## Article of the Month U.S. Coin Shortage: What Consumers Need to Know

**By Anna Boadwee, Steiger Fellow, National Association of  
Attorneys General**

### What is the coin shortage and why is it happening?

June 2020 marked the onset of yet another COVID-19-induced shortage: a deficit of pennies, nickels, dimes, and quarters in the cash registers of American businesses was imminent. On June 11, the Federal Reserve announced a temporary cap on distribution of coins to banks. By July, retailers such as Walmart, Kroger, and CVS were unable to provide change in coins to all their customers.

The coin shortage resulted from disruptions to the normal circulation of coins through the economy due to the COVID-19 pandemic. According to the Federal Reserve, there are enough coins in circulation to meet demand. However, a slowdown in consumer spending, concerns over virus exposure from handling contaminated coins, and an increase in cash locked in the registers of shuttered businesses have bottlenecked channels that usually keep coins moving through the economy. This reduced circulation has depleted inventories in certain areas, leaving businesses, banks, and consumers without the coins they need. Reduced coin deposits by banks to the Federal



Reserve and decreased production at the U.S. Mint due to COVID-19 employee protection measures have made responding to the shortage more challenging.

[Read More](#) ➔

### **Become a Subscriber**

To subscribe to the Center for Consumer Protection Monthly Newsletter, [click here](#).



## **Scam Alert:**

[Be Alert for Unemployment Insurance Identity Theft](#)

# **Federal Consumer Protection News**

## **Consumer Financial Protection Bureau:**

- By a 5-4 vote, the U.S. Supreme Court held that the structure of the Consumer Financial Protection Bureau (CFPB or "Bureau"), which is "led by a single Director, who serves for a longer term than the President and cannot be removed by the President except for inefficiency, neglect, or malfeasance," violates the separation of powers doctrine. [Seila Law LLC v. Consumer Financial Protection Bureau, No. 19-7](#). The Court went on to hold (by a 7-2 vote) "that the CFPB Director's removal protection is severable from the other statutory provisions bearing on the CFPB's authority. The agency may therefore continue to operate, but its Director . . . must be removable by the President at will." Thereafter, [the Bureau issued a ratification of a number of its prior actions](#). The ratification enumerates the actions ratified but also provided that it was "not a statement that the ratified actions would have been invalid absent this ratification."
- The CFPB issued a final rule revoking the requirement that payday lending firms must conduct an [underwriting analysis to ensure borrowers could repay the loans](#). The Bureau stated that its revocation of the underwriting rule was done in order to provide consumers a greater range of borrowing options; however, critics, including the [National Consumer Law Center](#) and the [Pew Charitable Trusts](#), criticized the action as removing critical protections for low income borrowers from predatory lending.
- The CFPB filed a lawsuit against Townstone Financial, Inc., a nonbank retail-mortgage creditor based in Chicago, for [engaging in illegal redlining](#) through various acts, including discouraging prospective applicants living in African-American neighborhoods in the Chicago MSA from applying to Townstone for mortgage loans. According to the [CFPB complaint](#), Townstone violated the Equal Credit Opportunity Act (ECOA); its implementing regulation, Regulation B; and the Consumer Financial Protection Act. ECOA and Regulation B prohibit mortgage lenders from discriminating against applicants in credit transactions on the basis of race, color, national origin, or other prohibited bases.
- The CFPB settled with Timemark, Inc., a Florida company that provides [debt-relief services to consumers with federal student-loan debt](#), and with its owners. The Bureau alleged that the defendants charged illegal advance fees in violation of the Telemarketing Sales Rule to consumers who were seeking to renegotiate, settle, reduce, or alter the terms of their loans. If entered by the court, the [proposed settlement order](#) will permanently ban defendants from providing debt-relief services and impose a judgment totaling approximately \$3.8 million in consumer redress and civil money penalties. However, the full payment will be suspended if the individual defendants pay \$22,000 within 10 days of the entry of the order. The full amount of redress was suspended because of their limited ability to pay.

# Federal Trade Commission:

- The U.S. Supreme Court granted the Federal Trade Commission's (FTC) petition for a writ of certiorari in the related cases of [AMG Capital Mgmt., LLC v. FTC, 19-508](#) and [FTC v. Credit Bureau Center, LLC, 19-825](#). At issue is whether the FTC has the statutory authority to obtain restitution. As more fully set out in the FTC's petition: "Under Section 13(b) of the Federal Trade Commission Act, 15 U.S.C. 53(b), the Commission may sue those who violate the laws under its purview in federal district court. The statute authorizes district courts in such cases to issue 'a permanent injunction.' Seven courts of appeals have held that district courts exercising that authority may enter an injunction that requires defendants to return to the victims of their wrongdoing funds obtained through their illegal activity. One has held the opposite. The question presented is: Whether Section 13(b) authorizes district courts to enter an injunction that orders the return of unlawfully obtained funds."
- A federal court in California has [ruled in favor of the FTC](#) in a case against [operators of a student loan debt relief scheme](#), banning defendants from telemarketing or providing debt relief services and imposing a \$27.6 million judgment which may be used to provide redress for consumers. The court found that defendants operating as Federal Direct Group, Mission Hills Federal, The Student Loan Group, and National Secure Processing, charged consumers hundreds to thousands of dollars in illegal upfront fees after falsely claiming that consumers' loans would be forgiven or their payments reduced to a specific amount, and that defendants would take over servicing of consumers' loans and apply most or all of consumers' monthly payments to pay down their student loans. The defendants also obtained consumers' student loan credentials to log in and change consumers' contact information, effectively hindering or entirely preventing consumers' loan servicers from communicating with consumers.
- The FTC sued a California-based purveyor of background reports, MyLife.com, Inc., alleging that the company has [deceived consumers with "teaser background reports"](#) that often falsely claimed to include information about arrest, criminal, and sex offender records, and also engaged in misleading billing and marketing practices. According to the complaint, MyLife is a consumer reporting agency and violated the Fair Credit Reporting Act by, among other things, failing to maintain reasonable procedures to verify how its reports would be used, to ensure the information was accurate, and to make sure that the information it sold would be used only for legally permissible purposes.
- The FTC settled with operators of a Florida-based company that [allegedly defrauded financially distressed and often older-adult consumers with deceptive robocalls](#) claiming they could save them money by reducing the interest rates on their credit cards. According to the FTC's complaints, the conduct was deceptive and illegal under the FTC Act and Telemarketing Sales Rule. Consumers did not get a permanent reduction to zero percent interest, nor did they typically save thousands of dollars on their debt. Instead, the defendants obtained promotional or "teaser" zero percent interest rates that only lasted for a limited time, after which the interest rate increased significantly and victims incurred substantial, undisclosed additional bank or transaction fees. The [proposed settlement order](#) imposes a judgment of \$13,881,865 against the defendants, which will be partially suspended based on their inability to pay.
- The FTC sent a [report to Congress on the use of social media bots in online advertising](#). The report summarizes the market for these bots and outlines the Commission's past enforcement work and authority in this area, including cases involving automated programs on social media that mimic the activity of real people. [Commissioner Rohit Chopra issued a statement](#) accompanying the report.
- The California-based marketer of a supplement called Thrive, which consists mainly of Vitamin C and herbal extracts, is [barred from continuing to make baseless claims that it can treat, prevent, or reduce the risk of COVID-19](#), under an administrative settlement with the FTC. The proposed order also bars the marketer of Thrive, Marc Ching, from making similarly unsupported cancer treatment or prevention claims for products containing CBD. The case against Ching is the FTC's first against a marketer of a supposed COVID-19-related health product.
- The FTC is [mailing checks totaling more than \\$1 million to individuals who lost money to a student loan debt relief scam](#). American Student Loan Consolidators and BBND Marketing, which did business under other names including United Processing Center, [settled FTC allegations](#) that the companies' operators pretended to be affiliated with the U.S. Department of Education or with loan servicers to trick consumers into paying hundreds of dollars in illegal upfront fees for help with their student loans. The FTC alleged that the defendants falsely promised to forgive student loans, lower monthly payments, and reduce interest rates. The FTC is mailing 41,048 checks to victims of the scam.
- The FTC finalized a [settlement with a digital game maker, Miniclip, S.A., over allegations it misled consumers about its membership in the Children's Advertising Review Unit's \(CARU\)](#) Children's Online Privacy Protection Act (COPPA) safe harbor program even though Miniclip's membership had been terminated in 2015. The CARU program is aimed at ensuring companies adhere to requirements of COPPA.
- The FTC charged an online marketer with [falsely promising consumers next-day shipping of facemasks and other personal protective equipment \(PPE\)](#) to deal with the coronavirus pandemic. In a [federal court complaint against SuperGoodDeals.com, Inc.](#) and its owner, Kevin J. Lipsitz, the FTC alleged that beginning in March, SuperGoodDeals' website said PPE was "in stock," and touted "Pay Today, Ships Tomorrow." But



according to the FTC, it frequently took weeks for SuperGoodDeals to ship the PPE merchandise customers ordered.

- Following a public comment period, the FTC has approved a final consent order [settling charges that home products and kitchenware company Williams-Sonoma, Inc.](#) ("Williams-Sonoma") made false, misleading, or unsubstantiated claims that all of its Goldtouch Bakeware products, its Rejuvenation-branded products, and Pottery Barn Teen and Pottery Barn Kids-branded upholstered furniture products are all or virtually all made in the United States. Under the terms of the [final order](#), Williams-Sonoma is required to pay \$1 million to the FTC.

## In other federal news:

- The Supreme Court of the United States, in [Barr v. American Ass'n of Political Consultants Inc., 19-631](#), held that a 2015 exception to the Telephone Consumer Protection Act of 1991 (TCPA) for calls "made solely to collect a debt owed to or guaranteed by the United States" violated the First Amendment. The Court held that this exception makes the statute content based, and that the exception cannot survive heightened scrutiny. The Court further held that the proper remedy is to sever the 2015 government-debt exception from the remainder of the statute, leaving the basic robocall restriction in place.
- The U.S. Department of Justice (DOJ), announced that [Indivior Solutions pleaded guilty](#) to a one-count felony information and, together with its parent companies Indivior Inc. and Indivior plc, agreed to pay a total of \$600 million to resolve criminal and civil liability associated with the marketing of the opioid-addiction-treatment drug Suboxone. The information alleged that Indivior misrepresented Suboxone's rate of accidental pediatric exposure to Suboxone film. Together with a \$1.4 billion resolution with Indivior's former parent, Reckitt Benckiser Group PLC, announced in 2019, and a plea agreement with Indivior plc's former CEO, Shaun Thaxter, announced last month, the total resolution relating to the marketing of Suboxone is more than \$2 billion, the largest-ever resolution in a case brought by the DOJ involving an opioid drug.
- The Justice Department announced a settlement of [its race discrimination lawsuit against Guaranteed Auto Sales, a used car dealership in Glen Burnie, Maryland](#). [The agreement](#) also settles the United States' claims against the dealership's owner Kelly Ann West and manager Robert Chesgreen. The settlement resolves claims that Guaranteed Auto Sales discriminated against African Americans in violation of the Equal Credit Opportunity Act by offering different terms of credit based on race to those seeking to purchase and finance used cars. The settlement requires the dealership to implement specific practices to ensure that loan terms are offered to customers on a nondiscriminatory basis.
- Federal prosecutors in Miami have [charged four Florida residents who allegedly marketed "Miracle Mineral Solution," a toxic bleach, as a cure for COVID-19](#) with conspiracy to defraud the United States, conspiracy to violate the Federal Food, Drug and Cosmetic Act, and criminal contempt. According to the criminal complaint affidavit, Mark Grenon, 62, and his sons, Jonathan Grenon, 34, Jordan Grenon, 26, and Joseph Grenon, 32, all of Bradenton, Florida, manufacture, promote, and sell Miracle Mineral Solution ("MMS"), a chemical solution containing sodium chlorite and water. The Grenons allegedly directed their customers to ingest MMS orally, which causes the solution to become chlorine dioxide, a powerful bleach, typically used for industrial water treatment or bleaching textiles, pulp, and paper. FDA has received reports of people requiring hospitalizations, developing life-threatening conditions, and dying after drinking MMS.
- The FBI has seen a [spike in fraudulent unemployment insurance claims complaints](#) related to the ongoing COVID-19 pandemic which involve the use of stolen personally identifiable information. U.S. citizens from several states have been victimized by criminal actors impersonating the victims and using the victims' stolen identities to submit fraudulent unemployment insurance claims online.
- The Federal Communications Commission (FCC) [adopted rules to further encourage phone companies to block illegal and unwanted robocalls before they reach consumers](#). To encourage the blocking of scam robocalls and maliciously spoofed telemarketing campaigns, and continue the FCC's implementation of the Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act, the rules offer companies two safe harbors from liability for the unintended or inadvertent blocking of wanted calls, thus eliminating a concern that some companies said kept them from implementing robust robocall blocking efforts.
- Through a [Further Notice of Proposed Rulemaking](#), the FCC is seeking information about additional steps to protect consumers from robocalls and better inform them about provider blocking efforts. The Further Notice specifically seeks comment on whether to obligate phone companies to better police their networks against illegal calls, and whether to require them to provide information about blocked calls to consumers for free. In addition, the Further Notice seeks comment on notification and effective redress mechanisms for callers when their calls are blocked, and on whether measures are necessary to address the mislabeling of calls.
- The FCC fined HobbyKing \$2,861,128 for [marketing drone transmitters which did not comply with FCC licensing rules](#). HobbyKing markets devices that provide a video link between transmitters mounted on unmanned aircraft systems and users flying drones. An FCC investigation found that dozens of devices marketed by the company transmitted in unauthorized radio frequency bands and, in some cases, operated at excessive transmission power levels and could interfere with government and public safety services including aviation systems and weather radar systems.

- The U.S. Food and Drug Administration (FDA) issued [warning letters](#) notifying ten companies, including Cool Clouds Distribution Inc. (doing business as Puff Bar), [to remove their flavored disposable e-cigarettes and youth-appealing e-liquid products from the market](#) because they do not have the required premarket authorization.
- The FDA issued the report "[Cannabis and Cannabis-Derived Compounds: Quality Considerations for Clinical Research, Draft Guidance for Industry](#)," which describes [the FDA's current thinking](#) on several topics relevant to clinical research related to the development of drugs containing cannabis or cannabis-derived compounds. The draft guidance also introduces key FDA regulatory concepts to stakeholders who may be less familiar with the FDA and the FDA's authorities. The deadline for submitting comments on the Draft Guidance is September 21, 2020.
- The Securities and Exchange Commission [charged former Georgia state legislator and former member of the Georgia Board of Regents](#) Clarence Dean Alford with defrauding at least 100 investors in his now-bankrupt energy development company, Allied Energy Services LLC. According to the SEC's complaint, from 2017 to 2019, Alford fraudulently raised at least \$23 million by selling promissory notes to investors, primarily Indian-American professionals, that he guaranteed would provide high annual rates of return.

## Attorney General Consumer Protection News and Other Items of Interest

*Editor's Note: Attorneys general from across the country have issued numerous consumer alerts and guidance for avoiding COVID-19 related scams. Attorneys general have also issued cease and desist letters and engaged with private industry urging action to halt price gouging on important consumer goods and safety equipment. Space does not permit inclusion of a summary of each such release in the Consumer Protection Monthly, however a representative sample of such releases is provided in the news items below. Each such release is available on [consumerresources.org](https://consumerresources.org), our public-facing consumer protection website.*

Led by **California Attorney General Xavier Becerra** and **Massachusetts Attorney General Maura Healey**, a coalition of 23 attorneys general filed a lawsuit against Secretary of Education Betsy DeVos and the U.S. Department of Education (ED) [challenging their action to repeal and replace the 2016 "borrower defense" regulations](#). The [complaint](#) alleged that ED's repeal of the 2016 regulations violated the Administrative Procedure Act. The complaint also alleged the 2016 regulations were replaced with new regulations that make it nearly impossible for victimized students to obtain financial relief, while rolling back oversight over unscrupulous and predatory schools.

Led by **New York Attorney General Letitia James**, a coalition of 18 attorneys general wrote a [letter](#) urging the [U.S. Department of Education to abandon a proposed rule that severely restricts the use of federal CARES Act funds](#) earmarked for students suffering from the devastating economic impact of COVID-19.

**California Attorney General Xavier Becerra**, **Illinois Attorney General Kwame Raoul**, and **New York Attorney General Letitia James** filed a lawsuit against the Office of the Comptroller of the Currency (OCC) [challenging the recently announced final rule that exempts buyers of high-interest loans from state interest-rate caps](#). Under existing federal law, federally regulated banks are exempt from state interest-rate caps. The OCC's final rule extends these exemptions to any lender that buys loans that are originated by an exempt federal bank. [The lawsuit argues](#) that the OCC's decision to extend National Bank Act preemption to non-banks violates the Administrative Procedure Act because, among other things, it conflicts with the National Bank Act, fails to comply with requirements established by the Dodd-Frank Act, and exceeds the OCC's statutory authority.

**Arkansas Attorney General Leslie Rutledge** announced a [consent judgment](#) against Dennis Bailey and the businesses he controls for his [alleged illegal use of the criminal court system to collect debts](#). The judgment requires that Bailey pay \$50,000 in restitution, \$250,000 in suspended civil penalties and withdraw all outstanding affidavits previously submitted for criminal prosecution, valued at approximately \$125,000.

**California Attorney General Xavier Becerra** announced a more than [\\$1.4 million judgment against Orange County, California based telemarketers who defrauded investors and timeshare owners of over \\$250,000](#). The defendants included Property Protection Team, LLC (PPT) and four individuals, including owners Thomas S. White and Lacy Jae Treece, who allegedly cheated more than 50 victims, many of them elderly, by collecting illegal advance fees for bogus "investment recovery" services. According to the [complaint](#), PPT targeted vulnerable investors who had lost money in prior investments or who sought relief from money-losing timeshare interests.

**Colorado Attorney General Phil Weiser** announced [a lawsuit](#) against JUUL Labs, Inc. for allegedly [targeting youth with deceptive advertising that downplayed its addictive nicotine concentration and health risks](#), and falsely suggesting its usage is a healthy alternative to smoking cigarettes. In July 2018, Colorado led the nation in youth

vaping, with [27% of high school students](#) stating they had vaped in the previous 30 days, almost double the national rate.

**Delaware Attorney General Kathy Jennings** announced a [joint effort with other state agencies on foreclosure and eviction prevention to support Delaware homeowners and renters](#) financially impacted by the COVID-19 shutdown and to prevent Delaware residents from losing their homes due to a COVID-19-related job loss, loss of income or illness.

**Florida Attorney General Ashley Moody** and the FTC announced [the distribution of more than \\$16 million to victims of a debt relief scam](#) in culmination of a joint lawsuit against a group of defendants known as [Helping America Group](#) for allegedly convincing victims to pay hundreds or thousands of dollars a month by falsely promising to pay, settle or obtain dismissal of debts and improve payors' credit scores. Instead, victims reported debts left unpaid, accounts in default and credit scores severely damaged. Some were sued by creditors, and others were forced into bankruptcy.

Consumer specialists in the Office of **Idaho Attorney General Lawrence Wasden** and the Boise Police Department [are warning Idahoans after a recent increase in reported fraud attempts involving tech support scams](#). Over the last several weeks, three Boise area seniors lost a total of \$14,700. Local cashiers prevented another \$6,000 in losses by recognizing the fraud when potential victims went to purchase large sums of gift cards. All recent victims have been seniors.

**Indiana Attorney General Curtis Hill** sued a Florida-based travel and vacation company, Executive Tour and Travel Services Inc. with deceptive practices that allegedly harmed hundreds of Hoosiers. According to [the complaint](#), the defendant offers travel certificates that are designed to make consumers believe they have been awarded a free vacation but are subjected to unwanted promotions, hidden charges and denial of accommodations on the terms promised. Of the nearly 500 Indiana consumers who paid the company an activation fee between Jan. 1, 2017, and Oct. 31, 2019, just 48 had hotel rooms booked for their use by the company, the complaint says.

**Iowa Attorney General Tom Miller** and **Nebraska Attorney General Douglas Peterson** announced separate law suits against an Omaha-based stem cell therapy center for allegedly targeting consumers with deceptive claims that the therapy can reverse aging and treat, cure or prevent a variety of medical conditions, including chronic obstructive pulmonary disease, neuropathy, and Alzheimer's disease. The [Iowa](#) and [Nebraska](#) lawsuits allege that Regenerative Medicine and Anti-Aging Institutes of Omaha and their owners, Travis and Emily Autor, made deceptive and misleading claims in advertisements without adequate substantiation leading consumers to buy unproven procedures that cost hundreds or thousands of dollars.

**Maine Attorney General Aaron M. Frey** [announced a favorable federal court ruling in favor of a landmark 2019 Maine privacy law](#) that prevents broadband internet service providers operating in Maine from selling or sharing a customer's personal data without the customer's permission. [The court rejected](#) preemption and First Amendment challenges from telecom industry organizations.

**Massachusetts Attorney General Maura Healey** has reached an [agreement with Columbia Gas that requires the company to pay \\$56 million for its role in the Merrimack Valley gas explosions](#) and to leave Massachusetts by the upcoming heating season. Under the [settlement agreement](#), the funds will provide debt relief to thousands of low-income gas customers and enable energy efficiency efforts in older homes and buildings in towns affected by the 2018 explosions. **General Healey** also announced that two New York-based companies, Pioneer Products Inc., Noble Industrial Supply Corp., and their owners and presidents have paid \$850,000 [to settle allegations that their high-pressure, misleading telemarketing operation victimized cities and towns across Massachusetts](#), inducing municipalities to spend large amounts on supplies that they did not want or need. The defendants also falsely stated the cities had agreed to purchase the goods in an earlier sales call and even threatened to take legal action and refer cities and towns to debt collectors, resulting in additional sales and payments.

**Michigan Attorney General Dana Nessel** warned consumers [about fraudulent cards that falsely claim to exempt the holder from wearing face coverings](#) in businesses and other areas where such personal protective equipment is required. Face Mask Exempt Cards have been offered by some groups to residents as an attempt to bypass health and safety measures at retailers and other establishments. Some of these cards may even have a logo for the U.S. Department of Justice although it does not endorse the cards. The cards also contain an implied threat that any business that denies access for failure to wear a mask will be reported as having violated the Americans with Disabilities Act.

**Minnesota Attorney General Keith Ellison** and other Minnesota officials announced [a commitment by 31 Minnesota financial institutions to provide mortgage-relief options to consumers facing financial hardship caused by COVID-](#)

[19](#) not covered by the CARES Act. Participating financial institutions have agreed to offer a 90-day forbearance period for customers facing financial hardship caused by COVID-19.

**Missouri Attorney General Eric Schmitt** [announced a lawsuit against timeshare exit companies](#) Vacation Consulting Services LLC, VCS Communications, LLC, The Transfer Group, LLC, Real Travel LLC, and Brian Scroggs. [The suit](#) alleges that timeshare exit company employees, at the direction of Scroggs, solicited large sums of money from customers on the promise to either transfer or terminate consumer timeshare interests within one year or Scroggs' companies would buy out the interests themselves. On numerous occasions, despite payments from consumers, Scroggs and his companies failed to provide the promised relief. The complaint also alleges that Scroggs and his timeshare exit groups instructed clients to cease making maintenance payments on their timeshares because the exit groups would cover the costs themselves. However, Scroggs and the exit groups did not make those payments as promised. As a result, many customers have found themselves in arrears with their respective timeshare holding companies.

**Montana Attorney General Tim Fox** [warned Montanans of contact tracing scams](#) and to be cautious when answering contact tracing phone calls, texts, or emails.

**New York Attorney General Letitia James'** office ordered [Cloud X Vapes](#), [HQD Tech USA](#), and [PodVapes](#) to immediately cease and desist selling vaping products online to consumers in New York, which is a violation of New York state law. In addition, they allegedly illegally sold products to minors (under 21), offering flavored nicotine vaping products, including cotton candy, pineapple mist, green apple, and others. As of May 18, it is illegal to sell flavored nicotine products in New York, and as of July 1, it is illegal to sell vaping products online and through mail order to New York consumers.

**North Dakota Attorney General Wayne Stenehjem** issued a [cease & desist order](#) against three Florida residents Richard Wade, Lemuel Thompson, David Anderson, and Better Business Marketing, Inc., doing business as "Berry Law Group," operating [an allegedly bogus debt settlement company](#). According to the cease and desist order, the individuals and company violated North Dakota's consumer fraud, home solicitations, and do not call laws.

**Ohio Attorney General Dave Yost** is [encouraging Ohioans to notify his office if they have not received ticket refunds for events canceled because of the COVID-19 pandemic](#). The health crisis has prompted the cancellation of tens of thousands of events across the country, leaving many ticket buyers unsure about refunds. Depending on the cancellation and refund policies in place at the time of purchase, Ohio's consumer protection laws may provide an avenue to obtain refunds.

**Pennsylvania Attorney General Josh Shapiro** announced an [important win in a decision from the U.S. Court of Appeals of the Third Circuit, as part of the Pennsylvania's ongoing court battle with Navient](#), the nation's second-largest servicer of federal and private student loans. The [court rejected Navient's core argument](#) that the Federal Consumer Financial Protection Act (CFPA) prohibits states from bringing CFPA claims where there is already a pending lawsuit by the CFPB to address the same violative conduct. The court also rejected Navient's effort to have state law claims tossed by arguing that the Federal Higher Education Act preempts state laws that prohibit unfair and deceptive acts and practices.

**Tennessee Attorney General Herbert H. Slatery III** has reached a [settlement agreement](#) with Florida-based Medicaid Done Right (MDR) following allegations that [the company misrepresented itself as authorized by or affiliated with the government to assist with Tennessee Medicaid applications](#). MDR contracts with nursing homes to provide Medicaid application assistance to patients and their families. In some instances, nursing home patients believed they were required to use MDR's services and that it was part of the state Medicaid program. MDR's webpage has featured text and illustrations that gave the impression the company was affiliated with Medicaid and that it approved Medicaid applications, which is not true. MDR also failed to disclose that other state agencies can often perform application assistance for free. The settlement provides for consumer restitution and corrective conduct.

**Texas Attorney General Ken Paxton**, in partnership with the U.S. Attorney's Offices for the Northern, Southern, Western, and Eastern Districts of Texas, [informed the public about several fraudulent schemes involving masks, PPE, and other COVID-19 related equipment](#). They urge everyone to exercise increased due diligence and caution when dealing with new suppliers or vendors, especially when using a third-party broker.

**Vermont Attorney General T.J. Donovan** released [guidance](#) to [assist businesses in complying with changes to Vermont's Security Breach Notice Act](#). As of July 1, 2020, more types of information, including health and genetic information, login credentials, and additional government IDs like passport numbers, are considered "Personally Identifiable Information" that requires notice to consumers if stolen or otherwise subject to a breach. By helping



businesses understand the law, the guidance aims to help ensure that timely notice is provided to Vermont consumers so they can protect themselves if their sensitive information is exposed.

**Virginia Attorney General Mark R. Herring** issued an [advisory opinion](#) outlining the various state and federal tenant protections that are currently in place to help Virginians stay in their homes during the COVID-19 pandemic. [Attorney General Herring highlighted protections](#) included in the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act); state protections included in the 2020 Virginia Act of Assembly; and listed other entities that have authority to assist tenants in these situations.

**Washington Attorney General Bob Ferguson** announced that Frontier Communications Northwest will pay \$900,000 to the State of Washington to resolve an investigation into Frontier Northwest's alleged failure to [adequately disclose fees when advertising and selling its products, and misleading subscribers about Internet speeds it could provide](#). Frontier's conduct impacted thousands of Washington consumers, primarily in rural areas. Under the [legally binding agreement](#), the Internet, phone, and television provider is ordered to clearly and conspicuously disclose all fees and be transparent about its available Internet speeds. The Attorney General's Office will set aside the majority of the \$900,000 payment to provide restitution to impacted customers.

**West Virginia Attorney General Patrick Morrisey** [filed suit against Dutt & Wagner of Virginia Incorporated, operating as Green Valley Poultry Farms, alleging the egg supplier unlawfully increased the wholesale price of eggs](#) in some cases by almost 300 percent. The lawsuit alleges Dutt & Wagner violated the state's price gouging law by charging grocery stores exorbitantly higher prices amid the coronavirus pandemic. [The complaint](#) alleges the wholesale price of Green Valley Farms eggs increased between 228 and 297 percent, far exceeding the cap of no greater than 10 percent during a state of emergency or preparedness. The state seeks an immediate court order to ensure the company complies with state law.

The U.S. Supreme court granted certiorari to review the Ninth Circuit decision that use of a number storing autodialer violated the Telephone Consumer Protection Act (TCPA) in [Facebook, Inc. v. Drugid](#). There currently is a split in the circuits on the issue with the Seventh and Eleventh Circuits holding that such equipment, if not used to randomly dial numbers, does not violate the TCPA. The Second Circuit has joined the Ninth Circuit and shortly after the grant of cert, the Sixth Circuit [joined them](#), adding to the split in circuits on the issue. The D.C. and Third Circuits have issued narrower rulings that also support the narrow construction of the Seventh and Eleventh Circuits.

On July 16, 2020, the Court of Justice of the European Union issued a judgment declaring as "invalid" the European Commission's Decision (EU) 2016/1250 of July 12, 2016, on the adequacy of the protection provided by the EU-U.S. Privacy Shield. As a result of [that decision](#), the [EU-U.S. Privacy Shield Framework is no longer a valid mechanism to comply with EU data protection requirements when transferring personal data from the European Union to the United States](#). This decision does not relieve participants in the EU-U.S. Privacy Shield of their obligations under the EU-U.S. Privacy Shield Framework.

The U.S. District Court for the Eastern District of Virginia unsealed documents detailing [Microsoft's work to disrupt cybercriminals that were taking advantage of the COVID-19 pandemic in an attempt to defraud customers](#) in 62 countries around the world. Microsoft's civil case has resulted in a court order allowing Microsoft to seize control of key domains in the criminals' infrastructure so they can no longer be used to execute cyberattacks.

## Charities

- **California Attorney General Xavier Becerra** announced a \$7 million [settlement](#) with the Lithuanian Assistance Foundation (Foundation), its directors, and associated companies. [The settlement resolves allegations that the officers and directors either engaged in or authorized illegal self-dealing transactions, unjust enrichment, and breach of fiduciary duty by](#) improperly transferring charitable assets to individuals who were related to, or associated with, the charity's officers and directors, in addition to other wrongdoing. Under the terms of the settlement, the companies and individuals will pay \$7 million in damages, the foundation is required to dissolve, and individual directors Joseph Praske and Albinas Markevicius must agree to not serve on a board of directors for any 501(c)(3) organization.
- **District of Columbia Attorney General Karl A. Racine** filed a [lawsuit to resolve a dispute between two dueling boards of directors](#) that has paralyzed the Open Technology Fund (OTF), a District nonprofit under District law; the Attorney General is responsible for protecting District nonprofit organizations and their assets and can take action when a governance dispute prevents an organization from fulfilling its charitable purpose. With this [lawsuit](#), the attorney general is asking the court to resolve the dispute, declare the original board valid, and declare any actions taken on behalf of OTF by the new Board invalid.
- **New Jersey Attorney General Gurbir S. Grewal** announced a [temporary voluntary compliance program to encourage certain 501\(c\)\(4\) social welfare organizations to comply with their obligations to register](#) as

charitable organizations. Under the program, the state will forego collection of penalties for past registration violations by certain 501(c)(4) entities that are subject to the registration requirements under New Jersey law if they have failed to register as required but submit the required documentation by October 1, 2020.

- **New York Attorney General Letitia James** [issued a notice to the Black Lives Matter Foundation and has directed the organization to immediately cease and desist soliciting contributions](#) from donors in New York. The foundation, which has no affiliation with the Black Lives Matter movement, has not registered as a charitable organization in the state of New York, making contributions solicited within the state illegal.
- **Vermont Attorney General T.J. Donovan's office** [released its review of Marlboro College's proposed disposition of assets](#) to Emerson College and campus sale to Democracy Builders. The office's review, issued as a [notice of non-objection](#), found that the proposed transactions are consistent with relevant state laws governing charitable nonprofits and their assets.

## Legislation

The Senate Committee on Science, Commerce and Transportation's Subcommittee on Communications, Technology, Innovation, and the Internet held a [hearing](#) titled: "The PACT Act and Section 230: The Impact of the Law that Helped Create the Internet and an Examination of Proposed Reforms for Today's Online World." The hearing examined online platforms' content moderation practices and discussed what legislative measures can be taken to ensure consumers are protected and empowered while on the internet.

The U.S. Senate passed [S. 4065](#), the "Reinforcing American-Made Products Act of 2020," sponsored by [Senator Mike Lee of Utah](#). The Act amends the Violent Crime Control and Law Enforcement Act of 1994 ([15 U.S.C. 45a](#)) by inserting language expressly superseding any provisions of state law "expressly relating to the extent to which a product is introduced, delivered for introduction, sold, advertised, or offered for sale in interstate or foreign commerce with a [Made in America] label..." According to a press release issued by the sponsor: "The Reinforcing American-Made Products Act would ensure that the federal government maintains authority in setting country-of-origin labeling standards and that states do not create a patchwork of different standards governing interstate and exported goods."

## Veterans and Military News

- The Department of Veterans Affairs (VA) [announced that it will allow five schools to accept new GI Bill students](#), after [warning the schools in March](#) that they could lose eligibility as a result of targeting veterans with misleading tactics. [Veterans advocates](#) are claiming the move is illegal. The schools, American Intercontinental University, Bellevue University, Colorado Technical University, University of Phoenix, and Temple University, were notified by the VA in March 2020 that it intended to suspend enrollment of new GI Bill students based on past conduct identified in FTC and attorneys general settlements. On July 2, the schools were informed that their eligibility was no longer in question based on their responses to the VA's March notice.
- The CFPB settled with [mortgage companies allegedly using deceptive loan advertisements targeting servicemembers and veterans](#). The advertisements allegedly contained inaccurate statements about loan terms including that the introductory rate was "fixed" when in fact it was adjustable and could increase over time. The companies also allegedly created the false impression that they were affiliated with the Veterans Administration or Internal Revenue Service. The consent orders with [Sovereign Lending Group, Inc.](#) and [Prime Choice Funding, Inc.](#) require the companies to pay civil penalties of \$460,000 and \$645,000, respectively.
- **Florida Attorney General Ashley Moody** [recognized the beginning of National Military Consumer Protection Month](#) with the release of her [2020 Military Consumer Protection Resource Guide](#). The guide offers information about common scams targeting military members, veterans, and their families.
- In observance of National Military Consumer Protection Month, **Montana Attorney General Tim Fox** [offered tips to help protect active and retired military personnel and their families from consumer fraud](#).

## Upcoming Events

Due to the COVID-19 pandemic, NAAG has canceled the Consumer Protection Fall Conference in Washington, D.C. that was supposed to take place in October. The meeting will not be rescheduled. We look forward to the 2021 NAAG Consumer Protection Spring Conference and have great hope that schedules will normalize by that time.



State and territory attorneys general protect citizens from unfair, misleading, and deceptive acts and practices. Learn more at:

[www.ConsumerResources.org](http://www.ConsumerResources.org)

**Todd Leatherman**, Program Counsel for the [Center for Consumer Protection](http://www.CenterforConsumerProtection.org), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)





**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**June 2020**



### Consumer Chief of the Month: Benjamin Wiseman, District of Columbia

As a fourth generation Washingtonian, it has been an absolute thrill to work for the residents of my hometown.

Prior to Attorney General Racine's election in 2014, the D.C. Attorney General was appointed by the Mayor. As the first elected Attorney General, General Racine put an emphasis on expanding the office's affirmative work to protect the District's residents. One of the key components of that initiative was the creation of a stand-alone Office of Consumer Protection in 2015.

At that time, I was in private practice and by chance met General Racine and our former Chief Deputy, Natalie Ludaway at a lunch at our firm. We briefly spoke and I got a pitch that would change the course of my career: come work for your hometown. A few months later, I joined the office as an Assistant Attorney General, the first external hire for the newly created Office of Consumer Protection.

[Read More](#) ➔

### Article of the Month The Swift Policy Response to Mortgage Delinquencies During COVID-19

By Patrick Madigan, Assistant Attorney General, Iowa  
Attorney General's Office

In March 2020, only 3.6% of mortgages were in some form of delinquency; only 1.2% were seriously delinquent (the lowest level since June of 2000), and only 0.4% of loans were in some stage of the foreclosure process, which was the lowest level in 21 years.

This good news came to a screeching halt with COVID-19. Virtually overnight, large segments of the United States economy shut down in order to deal with this serious health threat. Very early on it was recognized that many borrowers would have difficulty making their mortgage payments due to this unprecedented and sudden economic disruption. Even more unique was the public health need for Americans to shelter in place and socially distance from others. These circumstances demanded a swift public policy response to help ensure that homeowners were not dispossessed of their property during a pandemic.

[Read More](#) ➔





## Become a Subscriber

To subscribe to the Center for Consumer Protection Monthly Newsletter, [click here](#).



## Scam Alert:

[Beware of Immigration Scams](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- By a 5-4 vote, the U.S. Supreme Court held that the structure of the Consumer Financial Protection Bureau (CFPB or "Bureau"), which is "led by a single Director, who serves for a longer term than the President and cannot be removed by the President except for inefficiency, neglect, or malfeasance," violates the separation of powers doctrine. *Seila Law LLC v. Consumer Financial Protection Bureau*, No. 19-7. In particular, it violates the principle that "[i]n our constitutional system, the executive power belongs to the President, and that power generally includes the ability to supervise and remove the agents who wield executive power in his stead." The Court went on to hold (by a 7-2 vote) "that the CFPB Director's removal protection is severable from the other statutory provisions bearing on the CFPB's authority. The agency may therefore continue to operate, but its Director . . . must be removable by the President at will."
- The CFPB announced a [settlement with Main Street Personal Finance, Inc.](#) and its subsidiaries ACAC, Inc., which conducts business under the name Approved Cash Advance, and Quik Lend, Inc. (collectively, "Approved Cash"). The companies offer payday and auto-title loans and own and operate about 156 stores in eight states. The Bureau found that Approved Cash provided deceptive finance charge disclosures in violation of the Consumer Financial Protection Act (CFPA) and the Truth in Lending Act (TILA), violated the CFPA and TILA by failing to refund overpayments on its loans, and violated the CFPA by engaging in unfair debt collection practices. The consent order prohibits Approved Cash from engaging in this unlawful conduct in the future and requires it to pay consumer redress and a civil monetary penalty.
- The CFPB released an [online resource to help communities form networks to increase their capacity to prevent and respond to elder financial abuse](#). The Elder Fraud Prevention and Response Networks Development Guide offers planning tools, templates, and exercises to help communities create a collaborative network to fight elder fraud or refresh or expand an existing network. The CFPB will be offering presentations and webinars in the coming weeks to walk stakeholders through the guide and provide tips on how to use it.
- [The CFPB issued two Notices of Proposed Rulemaking \(NPRMs\) to address the impending expiration of the Government-Sponsored Enterprises Patch \(GSE Patch\)](#). The GSE Patch is scheduled to expire in January 2021 or when the GSEs (Fannie Mae and Freddie Mac) exit conservatorship, whichever comes first. In the first NPRM, the Bureau proposes to amend the general "qualified mortgage" definition in Regulation Z to replace the debt-to-income limit with a price-based approach. In the second NPRM, the Bureau proposes to amend Regulation Z to extend the GSE Patch to expire upon the effective date of a final rule regarding the first notice's proposed amendments to Regulation Z.

## Federal Trade Commission:

- The Federal Trade Commission (FTC) [announced approval of a final rule amending the agency's Contact Lens Rule](#), which facilitates shopping for contact lenses by requiring prescribers to automatically provide a

copy of a patient's prescription to the patient and to verify or provide prescriptions to third-party sellers. [The Final Rule](#) requires prescribers to request that their patients confirm that they have received their prescription and allows flexibility in the way the prescription and confirmation are provided.

- The FTC announced it has sent [six letters warning multi-level marketing companies](#) (MLMs) to remove and address claims about their products' ability to treat or prevent COVID-19 or about the earnings people who have recently lost income can make, or both. The FTC sent the letters to: [Isagenix International LLC](#) and [The Juice Plus+ Company](#) regarding both health and earnings claims; to [Melaleuca, Inc.](#) about earnings claims; and to [Youngevity International, Inc.](#), [Vivri USA, LLC](#), and [Plexus Worldwide, LLC](#) regarding health claims.
- The FTC is [taking legal action](#) to halt a scheme that allegedly [deceived consumers with mailers supposedly directing them on how to obtain federal COVID-19 stimulus benefits, which instead lured them to a used car sale](#). The mailers sent by Traffic Jam Events, LLC and its owner, David J. Jeanson II, were labeled "IMPORTANT COVID-19 STIMULUS DOCUMENTS" and allegedly directed consumers to "relief headquarters" to "claim these stimulus incentives."
- The FTC is mailing [refunds totaling more than \\$8.7 million to 187,425 consumers who signed up online for "risk-free" trial offers, but were then charged full price and enrolled in expensive continuity plans](#) without their knowledge. The refunds are the result of several orders settling the FTC's allegations against San Diego-based Triangle Media Corporation and related defendants.
- [The FTC and U.S. Small Business Administration \(SBA\) have sent warning letters to six companies that may be misleading small businesses seeking SBA loans as a result of the coronavirus pandemic](#). The letters highlight claims by the companies that could lead consumers to believe the companies are affiliated with the SBA, or that that consumers can apply on their websites for loans through the Paycheck Protection Program or other programs authorized by the CARES Act.
- The FTC submitted two reports regarding the agency's privacy enforcement efforts that were requested by Congress as part of the fiscal year 2020 spending bill that funds the FTC and other agencies. The reports outline the agency's work in the areas of consumer privacy and the use of potential additional resources. The [first report](#) outlines how the FTC uses its current authority to protect consumer privacy and data security. The [second report](#) includes an analysis measuring how the FTC has used its current authority to protect consumer privacy and data security and what additional resources would be needed to expand its efforts.
- The FTC announced [that the fifth annual PrivacyCon event, scheduled for July 21, 2020, will now take place online due to the COVID-19 pandemic](#). [PrivacyCon 2020](#) will bring together stakeholders, including researchers, academics, industry reps, consumer advocates, and government officials, to discuss the latest research and trends on consumer privacy and data security.

#### Securities and Exchange Commission:

- The Securities and Exchange Commission (SEC) announced that it filed an emergency action and obtained a temporary restraining order and asset freeze against two Pennsylvania-based brothers and three entities they control [to stop a cryptocurrency offering fraud and the misappropriation of investor proceeds](#). The [SEC Complaint](#) alleges that brothers Shane and Sean Hvizdzak and companies they control made false earnings claims, forged audit documents, and diverted tens of millions of dollars from the investment fund they controlled to themselves and others.
- The SEC charged NAC Foundation, its Chief Executive Officer Marcus Andrade, and political lobbyist Jack Abramoff with conducting [a fraudulent, unregistered offering of AML BitCoin](#), a digital asset security the defendants claimed was a new and improved version of bitcoin. NAC and its CEO allegedly portrayed AML BitCoin as superior to the original bitcoin, with anti-money laundering, anti-terrorism, and theft-resistant technology built into the coin on NAC's own "privately regulated public blockchain." The SEC's complaints allege that none of the touted capabilities existed and the development of AML BitCoin and its blockchain was in the very early stages.

#### In other federal news:

- The Federal Communications Commission (FCC) has issued a declaratory ruling [narrowing the definition of an "autodialer,"](#) stating that systems requiring the manual dialing of numbers are not autodialers and are not subject to the Telephone Consumer Protection Act's restrictions. The ruling came in an administrative case filed by P2P Alliance, a coalition of providers and users of peer-to-peer (P2P) text messaging services for schools, non-profits, and other groups who filed a petition for clarification asking the Commission to clarify that texts sent via particular types of P2P messaging platforms are not subject to the TCPA's restrictions.
- The U.S. Food and Drug Administration (FDA) announced that a [federal judge has ordered two individuals doing business as Sundial Herbal Products to stop distributing unapproved new drugs and misbranded drugs](#) until they comply with federal law. Sundial claimed that its Sundial Organic Hemp Seed Oil "suppresses the growth of cancer" and that Sundial Cassava Meal "prevents heart disease." Despite previous warnings from the FDA and repeated promises to correct violations, Sundial allegedly continued to violate the law and distribute their products.

- The FDA issued warning letters to three companies for [marketing adulterated and misbranded COVID-19 antibody tests](#). Warning letters were issued to: [Medakit Ltd.](#) of Sheung Wan, Hong Kong; [antibodiescheck.com and Yama Group](#); and [Dr. Jason Korkus, DDS and Sonrisa Family Dental d/b/a My COVID19 Club](#) of Chicago, Illinois.
- The FDA issued an advisory that consumers should [not use any hand sanitizer manufactured by Eskbiochem SA de CV in Mexico, due to the potential presence of methanol](#) (wood alcohol), a substance that can be toxic when absorbed through the skin or ingested.
- The Department of Justice (DOJ) announced that a Massachusetts man, Elijah Majak Buoi, was arrested [and charged with allegedly filing fraudulent loan applications seeking more than \\$13 million in forgivable Paycheck Protection Program](#) loans guaranteed by the Small Business Administration under the CARES Act.
- DOJ also announced that William Y. Asiedu of Albany, New York [pled guilty to wire fraud conspiracy, arising from his receipt of nearly \\$450,000 from the victims of romance scams](#).

## Attorney General Consumer Protection News and Other Items of Interest

*Editor's Note: Attorneys general from across the country have issued numerous consumer alerts and guidance for avoiding COVID-19 related scams. Attorneys general have also issued cease and desist letters and engaged with private industry urging action to halt price gouging on important consumer goods and safety equipment. Space does not permit inclusion of a summary of each such release in the Consumer Protection Monthly, however a representative sample of such releases is provided in the news items below. Each such release is available on [consumerresources.org](http://consumerresources.org), our public-facing consumer protection website.*

Led by **Arkansas Attorney General Leslie Rutledge** and **North Carolina Attorney General Josh Stein**, 52 attorneys general [submitted comments to the FCC](#) regarding proposed rules that would facilitate continued collaboration among state attorneys general and telecom companies in tracing back illegal robocalls to their source. The comments also highlight the efforts of the attorneys general to identify and halt illegal robocallers.

Led by **Connecticut Attorney General William Tong** a coalition of 51 states and territories filed [the third federal lawsuit stemming from the ongoing antitrust investigation into a widespread conspiracy by generic drug manufacturers](#) to artificially inflate and manipulate prices, reduce competition, and unreasonably restrain trade for generic drugs sold across the United States. The new complaint focuses on 80 topical generic drugs that account for billions of dollars in sales in the United States. The topical drugs at the center of the complaint include creams, gels, lotions, ointments, shampoos, and solutions used to treat a variety of skin conditions, pain, and allergies.

Led by **Nebraska Attorney General Doug Pederson** and **Oregon Attorney General Ellen Rosenblum**, a bipartisan coalition of 39 state and territory attorneys general asked Google and Apple to guarantee that [contact tracing apps, when available to consumers, are affiliated with a public health authority and removed from Google Play and the App Store once no longer needed by public health authorities](#).

Led by **Pennsylvania Attorney General Josh Shapiro**, **Maryland Attorney General Brian Frosh**, **Colorado Attorney General Philip Weiser**, and **New Jersey Attorney General Gurbir Grewal**, 19 attorneys general [sued to stop the U.S. Education Department from eliminating regulatory protections for students considering enrolling in for-profit colleges and vocational schools](#). The protections were embodied in the "Gainful Employment" (GE) regulation which was promulgated in 2014 but repealed by the Department under Secretary DeVos. The states' [lawsuit](#) says the department's "decision to repeal the GE Rule without promulgating any alternative standard for implementing the Higher Education Act's Gainful Employment provision is arbitrary, capricious, and contrary to law."

A multistate group of seven attorneys general (**Arkansas, Indiana, Michigan, Missouri, North Carolina, Ohio, and Texas**), [filed suit against a pair of Texas businesses accused of blasting billions of illegal robocalls](#) over the past two years in violation of the Telephone Consumer Protection Act and state deceptive trade practices and do not call laws. The [attorney general complaint alleges](#) that Rising Eagle Capital Group LLC and JSquared Telecom LLC are behind a "tidal wave" of robocalls offering fake extended car warranties and health care services. John Spiller II, owner of the businesses, and his business partner, Jakob Mears, are also named as defendants.

**Arkansas Attorney General Leslie Rutledge** announced a [lawsuit](#) against Morningside Church Productions, Inc., which conducts business as The Jim Bakker Show, as well as Jim Bakker and Sherrill Sellman, for [allegedly falsely telling Arkansas consumers that colloidal silver products would cure, eliminate, kill, or deactivate COVID-19](#).

**Arizona Attorney General Mark Brnovich** issued a [cease-and-desist letter](#) to Arizona-based Clean Air EXP [demanding the company stop advertising air purification systems by suggesting the systems neutralize COVID-19](#). The Attorney General's Office alleges that Clean Air EXP has unlawfully advertised and continues to advertise that its air filtration products neutralize 99.9% of viruses that are "COVID-19 surrogates."

**California Attorney General Xavier Becerra** submitted [proposed regulations under the California Consumer Privacy Act \(CCPA\)](#) to the California Office of Administrative Law (OAL). OAL has 30 working days and an additional 60 calendar days to determine whether the regulations satisfy the procedural requirements of the Administrative Procedure Act. Once approved by the OAL, the regulation text will be filed with the Secretary of State and become enforceable by law. **General Becerra** also announced a lawsuit against Secretary of Education Betsy DeVos and the U.S. Department of Education for its alleged [failure to implement the Temporary Expanded Public Service Loan Forgiveness program](#). [The complaint alleges](#) that many applicants have completed the requirements necessary to qualify for forgiveness of the balance on their federal student loans, but that nearly all of them have had their applications denied by Secretary DeVos in violation of the Administrative Procedure Act. **General Becerra** also issued a [consumer alert warning consumers about fraudulent contact tracers](#).

**District of Columbia Attorney General Karl Racine** [sued Exxon Mobil, BP, Chevron, and Shell for allegedly systematically and intentionally misleading District consumers about the role their products play in causing climate change](#). The [lawsuit](#) alleges major players in the fossil fuel industry knew as early as the 1950s that emissions from burning oil and gas posed an existential threat to humanity, and in response, the companies embarked on a multi-decade, multimillion-dollar public relations campaign to foment doubt and hostility towards climate research in order to protect profits. The suit asks the court to order the companies to end their disinformation campaigns, provide relief for District consumers, and pay civil penalties. **General Racine** also [sued Polymer80, Inc., a gun manufacturer that sells untraceable partially-assembled semi-automatic rifles and handguns, for advertising and selling illegal guns](#) to District consumers. [The suit alleges](#) that Polymer80 falsely represents that its weapons are legal in the District and sells illegal firearms.

**Florida Attorney General Ashley Moody** announced the [arrest of a heating, ventilation, and air conditioning repairman for fraud](#). The arrest follows investigations by Attorney General Moody's Consumer Protection Division and the Office of Statewide Prosecution into former Bruno Total Home Performance owner Louis Bruno. A [civil action](#) was also filed seeking restitution for defrauded consumers and other relief. Bruno, along with nine of his former employees, allegedly used high-pressure sales and scare tactics to induce consumers to purchase services and products that were not needed. The vast majority of Bruno's victims were seniors, some living on fixed incomes. **General Moody** also [issued a Consumer Alert to warn Floridians about a new lottery scam targeting seniors](#).

**Kentucky Attorney General Daniel Cameron** announced the indictment of Louisville business owners Aaron Matthew Goff and Andrew Nicholas Riddle, co-owners of 3 Day, LLC, and Trademark Home Design, LLC, for theft by failure to make required disposition of property of \$10,000 or more related to allegations that Goff and Riddle [defrauded at least seven customers by taking payments for home repairs or improvements that were not completed](#).

**Maryland Attorney General Brian E. Frosh** announced a [\\$20 million settlement](#) with Wells Fargo & Company, [resolving financial crisis-era claims that Wells Fargo misled investors in its issuance of residential mortgage-backed securities](#). **General Frosh** also announced the filing of [charges against Cricket Wireless, LLC and AT&T, Inc.](#), for violations of the Maryland Consumer Protection Act. Among other charges, Cricket and AT&T allegedly failed to inform consumers that the cell phones they purchased would no longer work when Cricket switched cell phone networks after its merger with AT&T. **General Frosh** also announced a settlement resolving an [investigation into Ticketmaster's improperly charging consumers service fees](#) despite disclosures to the contrary. [Under the settlement](#), Ticketmaster has agreed to refund all of the fees that were improperly charged to as many as 4,176 consumers and pay \$25,000 for investigative costs.

**Massachusetts Attorney General Healey** announced an \$11 million settlement with a Massachusetts mail-order pharmacy resolving allegations that it failed to implement adequate safeguards against unlawful and dangerous dispensing, resulting in the shipment of thousands of potentially illegitimate controlled substance prescriptions across the country. In the [complaint](#), filed along with a proposed [consent judgment](#), the AG's office alleges Injured Workers Pharmacy failed to implement effective policies and procedures for reviewing prescriptions to determine whether they were legitimate and engaged in unlawful marketing practices to drive sales, including paying law firms for patient referrals. **General Healey** also announced that her office has sued [an online travel agency and its CEO for taking money from consumers for travel reservations, despite knowing they would be cancelled](#) due to the COVID-19 pandemic, and then refusing to pay refunds. According to the complaint, the Florida-based BookIt Operating LLC d/b/a BookIt.com (BookIt) and its CEO and director Arthur Paul Finlaw suspended its business in March due to the pandemic but continued to take payments from consumers for planned travel. The [complaint](#) also alleges that BookIt



kept consumers' payments for its own benefit, did not forward those payments to the hotels and resorts that were booked, and now refuses to give any money back to consumers.

**Minnesota Attorney General Keith Ellison** filed a [lawsuit to stop alleged deceptive practices related to climate change](#) and to hold ExxonMobil Corp., the American Petroleum Institute, and three Koch Industries entities accountable for allegedly perpetuating fraud against Minnesotans. The [lawsuit](#) includes claims for fraud, failure to warn, and multiple separate violations of Minnesota statutes that prohibit consumer fraud, deceptive trade practices, and false statements in advertising. In addition to an injunction barring further violation of these laws, the complaint seeks restitution for the harms Minnesotans have suffered, and asks the court to require defendants to fund a corrective public education campaign on the issue of climate change.

**Montana Attorney General Tim Fox** issued [tips to help Montana victims avoid being taken advantage of by criminals filing fake unemployment claims](#).

**New York Attorney General Letitia James** filed a [lawsuit](#) against a New York broker of personal protective equipment (PPE) and other medical supplies for alleged [repeated and widespread fraud during the coronavirus disease 2019 \(COVID-19\) public health crisis](#). The lawsuit charges Frank Borgese and his company, IMPACT Medical & Surgical Solutions, with fraudulently soliciting the State of New York, as well as hospitals and health care systems across the country, with fake offers of critically-needed PPE, including 3M N95 respirator masks, at exorbitant prices for fake items or products they could never deliver. **General James** also announced a [proposed settlement with one of the nation's largest debt settlement companies that will return nearly \\$3.6 million to thousands of New York consumers](#) who were allegedly misled about savings they could achieve. [The proposed settlement with Freedom Debt Relief would resolve alleged violations of a 2011 settlement](#). **General James** also announced [a settlement with Caliber Home Loans, Inc. that will provide up to \\$17 million in mortgage loan forgiveness to current Caliber customers in New York who were placed into unfair, interest-only loan modifications by the company](#).

**North Dakota Attorney General Wayne Stenehjem** [has ordered an unlicensed debt relief company to issue refunds](#) to North Dakota consumers and to cease doing business in North Dakota until the company is in full compliance with the state's licensing law.

**Ohio Attorney General Dave Yost** announced that [a Texas business has agreed to a permanent ban on payment processing](#) to settle allegations that it helped scammers defraud millions of dollars from Americans. The settlement with Madera Merchant Services LLC and its operators, Bruce Woods, Patricia Woods, and Victor Rodriguez, is the result of a [joint complaint](#) filed in federal court by Yost's office and the FTC in 2019 which alleged that Madera operated as a third-party payment processor, charging consumer checking accounts on behalf of unscrupulous telemarketers using remotely created checks, also known as demand drafts or RCPOs, to withdraw funds from consumers' checking accounts. However, the federal Telemarketing Sales Rule prohibits telemarketers from using remotely created checks as payments for goods or services. **General Yost** also announced a price gouging lawsuit against a couple for allegedly [hoarding hundreds of bottles of hand sanitizer during the COVID-19 pandemic and selling them online for 11 times the retail price](#). According to the [lawsuit](#), Marcus and Ellen Fultz sold products on Amazon under the name danielle-on-2nd at prices 241.8% to 1,017.3% higher than the average cost of the same products on Amazon.

**Oklahoma Attorney General Mike Hunter** [filed felony charges against a contractor who received thousands of dollars from Oklahomans in exchange for roofing repairs he never completed](#). The four felony counts against Chad Davis come after the office filed three prior felony charges against him in February. In both cases, Davis took around \$40,000 from the victims.

**Oregon Attorney General Ellen Rosenblum** announced [agreements with six companies and medical practitioners selling products and services advertising a so-called Covid-19 "cure," or an ability to boost immunity and protect people from the disease](#). Many of the treatments are not approved by the FDA or recommended by the U.S. Centers for Disease Control and Prevention. Assurances of Voluntary Compliance were entered into with Ashland Natural Medicine, Holistic Health Acupuncture, Inner Works Acupuncture, Love Acupuncture & Wellness Group, Heirloom Organics, and Holistic Health, P.C.

**Texas Attorney General Ken Paxton** announced an [agreed final judgment and permanent injunction](#) against Apex Home Energy Solutions, LLC, [stopping the business from selling falsely represented residential solar products or energy efficiency products and services](#). The Attorney General alleged that the defendant used deceptive practices, including misrepresenting interest rates for financing purchases, misrepresenting the availability of government sponsored rebates, and intentionally adding provisions in consumer contracts that unlawfully misrepresented and purported to waive consumers' rights under Texas law.

**Virginia Attorney General Mark R. Herring** has filed a lawsuit against Advanced Towing Company, LLC, a towing and recovery operator based in Arlington, Virginia. The complaint alleges that Advanced Towing has violated state and local towing code provisions, resulting [in towing conduct that is "frequently predatory, aggressive, overreaching and illegal."](#) The practices alleged in the [complaint](#) include employing tow truck drivers who are not properly registered with the Commonwealth, towing vehicles unsafely or without the proper legal authority, unlawfully towing police vehicles and commercial delivery vehicles like Amazon delivery vans, and failing to maintain appropriate contracts with property owners authorizing tows.

**Washington Attorney General Bob Ferguson** announced that [the maker of a so-called COVID-19 "vaccine" will repay his victims and is permanently barred from marketing vaccines without testing and evidence.](#) The legally binding agreement comes just over a week after Ferguson [filed a lawsuit](#) and nearly two months after he sent Stine a ["cease and desist" letter](#) to stop marketing the "vaccine." [As part of the consent decree](#), Redmond-area resident Johnny T. Stine and his company, North Coast Biologics, are prohibited from marketing future vaccines without rigorous testing and sound scientific evidence. Stine also will pay \$8,500 to the state for the cost of bringing the case, with another \$30,000 suspended based on his compliance with the agreement. The Attorney General's Office will reach out to individuals who bought the "vaccine" and facilitate refunds. Refunds could total up to \$12,000 if all 30 victims can be reached.

**West Virginia Attorney General Patrick Morrisey** [filed lawsuits against Rite-Aid and Walgreens](#) alleging the two reaped billions of dollars in revenues from opioid sales, and that their conduct caused immense harm to West Virginia and its citizens. The lawsuits allege Rite-Aid and Walgreens, as individual distributors, supplied far more opioids to their retail pharmacies than necessary to meet legitimate market demand. The Attorney General contends Rite-Aid and Walgreens each knew its obligation to halt suspicious orders to its retail pharmacies but failed to monitor or report such activity. **General Morrisey** also announced a [\\$550,000 settlement with German engineering corporation Robert Bosch related to the Volkswagen emissions scandal.](#) VW admitted to using Bosch-designed defeat devices to cheat emissions tests. Under [the Consent Judgment](#), Bosch implemented enhanced compliance policies and procedures including a prohibition on the development or calibration of defeat devices.

**Wisconsin Attorney General Josh Kaul** warned residents about [potential scammers using critical contact tracing to steal personal information](#) from unsuspecting Wisconsinites.

A federal judge [ordered](#) the Department of Education (ED) [to cancel roughly 7,200 former Corinthian Colleges students' debt in Massachusetts and approve an application filed by Massachusetts Attorney General Maura Healey to have the debts discharged under the Department's "borrower defense to repayment" regulation.](#) The application was filed in 2015 but had not been acted on. A class of students represented by the Project on Predatory Student Lending Legal Services Center of Harvard Law School [sued the Department](#) seeking to have the application approved.

3M filed a Lanham Act trademark infringement case against a former U.S. Marine and alleged fraudster offering non-existent N95 respirators for sale who claimed unfounded associations with 3M and the Bill and Melinda Gates Foundation, among others. [In a complaint filed in federal court](#) in Minnesota, 3M alleged that Matthew Starsiak and AMK Energy Services LLC communicated with several 3M lawyers claiming to be seeking to purchase \$1.143 trillion in 3M N95 respirators to send to underserved populations in Africa. 3M confirmed that the Gates Foundation has no knowledge of the defendants. Starsiak then used the names of 3M's lawyers as bait to lure unwitting buyers into placing large amounts of money in escrow to purchase billions of fictitious 3M N95 respirators. 3M reported in May that it had [sued 5 vendors for offering billions of non-existent N95 respirators.](#)

Bayer will pay more than \$10 billion to end tens of thousands of lawsuits filed over its Roundup weedkiller, [the company announced.](#) The settlement also resolves many other cases over the herbicide dicamba as well as water contaminated with toxic chemicals called PCBs. Many plaintiffs say Roundup's active ingredient, glyphosate, caused them to develop cancer. Roundup was developed by Monsanto, which Bayer bought in 2018.

The U.S. Bankruptcy Court for the Northern District of Illinois [ruled](#) that a restaurant lease's force majeure provision excused, at least partially, the lessee's obligations to pay rent during the COVID-19 pandemic. *In re Hitz Rest.* Grp., 2020 Bankr. LEXIS 1470 (Bkrcty. N.D. Ill. June 2, 2020).

## Legislation

- U.S. Senators Brian Schatz (D-Hawai'i) and John Thune (R-S.D.), the Ranking Member and Chairman of the Subcommittee on Communications, Technology, Innovation and the Internet, introduced the [Platform Accountability and Consumer Transparency \(PACT\) Act](#), new bipartisan legislation to update Section 230 of the Communications Decency Act (Section 230). [According to the Senators, the PACT Act will "strengthen](#)

[transparency in the process online platforms use to moderate content and hold those companies accountable for content that violates their own policies or is illegal."](#)

- In a related action, the Department of Justice released a set of reform proposals to update the immunity for online platforms under Section 230. Responding to bipartisan concerns about the scope of 230 immunity, the department identified a set of reform proposals to provide stronger incentives for online platforms to address illicit material on their platforms while continuing to foster innovation and free speech. The department's findings are available [here](#). Additional information about the DOJ proposals is available [here](#).
- The House of Representatives failed to override President Trump's veto of [a bipartisan student loan forgiveness bill approved by the Senate in March that would have overturned a key student loan](#) forgiveness rule drafted by the U.S. Education Department. The student loan forgiveness rules, known as the "borrower defense to repayment," regulation, allow students to have their federal student loans forgiven if a school employed illegal or deceptive practices to encourage the students to incur debt to attend the school. The final rule, though, creates a much higher burden of proof for student borrowers to show they were defrauded by their institutions. Under the prior rule, a student needed to show a substantial misrepresentation by the school to receive relief. The rewritten rule requires borrowers to show they suffered financial harm from their institution's misconduct and that the college knowingly made deceptive or false statements.
- Iowa has enacted legislation proposed by Attorney General Tom Miller [to protect student loan borrowers against predatory debt relief companies](#). [The law](#) prohibits educational loan debt management companies from a list of activities including: requesting or receiving payment before fully performing all contracted or represented services and compensating employees and independent contractors on a commission-based system. The bill provides debtors an unconditional right to cancel within three days of signing a contract and the option to bring a private action against a licensee for a violation of the bill's provisions.
- Kansas has passed [legislation regulating contact tracing](#). **Kansas Attorney General Derek Schmidt** supported the legislation which provides that participation in contact tracing must be voluntary and may not collect or use information through cellphone tracking. Information must be used only for contact tracing, kept confidential, and not disclosed without consent. Among other provisions, the information must also be safely and securely destroyed when no longer needed for contact tracing.
- **New York Attorney General Letitia James** applauded [legislation that will substantially strengthen New York State's price gouging statute to prevent excessive price increases on essential goods and services](#), as the state continues to battle COVID-19. The new price gouging law, [Senate Bill 8189](#), expands protections against price gouging beyond consumer goods to include any products or services that are vital or necessary to the health, safety, and welfare of consumers or the general public.

## Veterans and Military News

- The National Association of Attorneys General sent a letter to the U.S. Department of Veterans Affairs (VA) on behalf of a [bipartisan group of 42 attorneys general](#) led by **Illinois Attorney General Kwame Raoul** and **South Dakota Attorney General Jason Ravnsborg**, expressing concerns regarding the VA's decision to rescind its Veteran Service Officer (VSO) 48-hour review policy. The VSO policy served as the last opportunity to identify and correct errors in the claims process before they become part of the record used as a basis for denial of benefits or diminished awards. Rescinding the policy may lead to veterans facing unnecessary and avoidable delays in the receipt of earned benefits as mistakes not caught prior to final determination can only be rectified through a lengthy and complicated appeals process. In their letter, the attorneys general express concern that the policy was implemented during the COVID-19 pandemic, creating further complications for VSOs and veterans who are working remotely with diminished resources.

## Upcoming Events

Due to the Coronavirus pandemic, NAAG canceled the Consumer Protection Spring Conference in Raleigh that was supposed to take place in May. The meeting will not be rescheduled. NAAG's goal is to reschedule the conference in Raleigh for the Spring 2021 conference. We look forward to the NAAG Consumer Protection Fall Conference which is scheduled for October 26-28, 2020, in Washington, DC and have great hope that schedules will resume to normal by that time. Furthermore, all in-person NAGTRI trainings are cancelled through July 31.



State and territory attorneys general protect citizens from unfair, misleading, and deceptive acts and practices. Learn more at:

[www.ConsumerResources.org](http://www.ConsumerResources.org)

[Todd Leatherman](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out | Unsubscribe](#)





## Center for Consumer Protection Monthly

May 2020



### Consumer Chief of the Month: Susan Ellis, Illinois

It's surreal but perhaps appropriate that I am writing this from home during the COVID-19 quarantine. Appropriate, because just as in past crises, the work we do (protecting people from fraud, helping and advising them, standing guard against those who would take advantage of unfortunate circumstances to line their own pockets) is essential. I am so grateful for the way our AG consumer protection community works together during these times of crisis.

I am the Chief of the Consumer Protection Division in the Office of the Illinois Attorney General, Kwame Raoul. I have held that position for a little over a year. Before that, I was the Consumer Fraud Bureau Chief in Chicago for several years. As many of you know, I took over the Consumer Chief position from Deborah Hagan, a pillar of the AG consumer protection community for over three decades. Hard shoes to fill for sure. But I learned from the best, and I have thoroughly enjoyed my time in this position.

[Read More](#) ➔

### Article of the Month Consumer Protection and Intellectual Property: How the USPTO Can Help Consumer Protection Enforcers

By Peter N. Fowler and J. Todd Reves

The United States Patent and Trademark Office (USPTO) is the federal agency for granting U.S. patents and registering trademarks. Since Congress enacted the first patent law in 1790, the demand for protection of America's intellectual property (IP) has evidenced the ingenuity of American inventors and entrepreneurs.

Under the U.S. IP system, American industry and creators have flourished, new products have been invented, new uses for old ones discovered, and employment opportunities created for millions of Americans. As documented in the comprehensive study, *Intellectual Property and the U.S. Economy: 2016 Update*, the strength and vitality of the U.S. economy is supported by effective mechanisms that protect new ideas and investments in innovation and creativity

[Read More](#) ➔



## Become a Subscriber

To subscribe to the Center for Consumer Protection Monthly Newsletter, [click here](#).



## Scam Alert:

[Beware of Fake COVID-19 Text Messages](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The Consumer Financial Protection Bureau (CFPB or "Bureau") and **Massachusetts Attorney General Maura Healey** [jointly filed a lawsuit](#) against Commonwealth Equity Group, LLC, d/b/a Key Credit Repair, and Nikitas Tsoukales, Key Credit Repair's president and owner. As alleged in the complaint, from 2016 through 2019 alone, Key Credit Repair enrolled nearly 40,000 consumers nationwide, and since 2011, it collected at least \$23 million in fees from consumers. The [complaint](#) alleges that in their telemarketing of credit-repair services, the defendants violated the Consumer Financial Protection Act's prohibition against deceptive acts or practices and the Telemarketing Sales Rule's prohibitions on deceptive and abusive telemarketing acts or practices.
- To guide homeowners with federally-backed loans through the process of obtaining mortgage relief, the CFPB and the Conference of State Bank Supervisors (CSBS) released a [Consumer Relief Guide](#) with borrowers' rights to mortgage payment forbearance and foreclosure protection under the federal CARES Act. In addition to this guide, the Bureau has a centralized [webpage](#) with information on how consumers can protect their finances during the pandemic and launched a joint [housing website](#) with other federal regulators. CSBS maintains a state tracker with useful consumer information on topics such as mortgage forbearance, modification of loan terms, stays on evictions, restrictions on overdraft fees, and some common COVID-19-related scams on the [COVID-19 Consumer Resources webpage](#).
- The CFPB [settled](#) with Specialized Loan Servicing, LLC (SLS), a mortgage-loan servicer in Colorado resolving allegations that SLS violated the Real Estate Settlement Procedures Act (RESPA) and Regulation X by allegedly taking prohibited foreclosure actions against mortgage borrowers who were entitled to protection from foreclosure, and by failing to send or to timely send evaluation notices to mortgage borrowers who were entitled to them. The [consent order](#) requires SLS to pay \$1.275 million in monetary relief to consumers in the form of redress and waiver of borrower deficiencies, pay a \$250,000 penalty, and implement compliance measures.
- The CFPB announced that it will provide [an additional 60 days for the public to comment on its Supplemental Notice of Proposed Rulemaking on time-barred debt disclosures](#). The extension is intended to allow all interested parties additional time to comment on the rulemaking as a result of the impact of the COVID-19 pandemic. The deadline was June 5, 2020; the comment period will now close on August 4, 2020.

## Federal Trade Commission:

- The Federal Trade Commission (FTC) has issued an alert to consumers to be on the lookout for nursing homes and assisted living facilities that are requiring residents on Medicaid to sign their stimulus checks over to the facilities. [In a blog post](#), the FTC says that states around the country have received reports of nursing homes and assisted living facilities claiming that stimulus checks count as "resources" under the rules of federal benefit programs that must be used to pay for services. The FTC notes that this is not true, and encourages consumers to check with loved ones who receive Medicaid and live in these facilities, and to file a complaint with their state attorney general if they or a loved one have experienced this issue.

- New York City car dealer Bronx Honda and its general manager, Carlo Fittanto, will pay \$1.5 million to [settle FTC charges they discriminated against African-American and Hispanic car buyers](#) and engaged in numerous other illegal business practices.
- The FTC [sued the operators of a Pennsylvania-based telemarketing scheme](#), alleging that they charged organizations such as businesses, schools, fire and police departments, and non-profits for books and newsletter subscriptions they never ordered. The FTC's [complaint](#) alleges that American Future Systems, Inc., operating under the names Progressive Business Publications and the Center for Education and Employment Law, has called organizations nationwide offering to send sample books or newsletters for the organizations to try. The suit also names as defendants a New York-based debt collection operation, alleging that it illegally threatened organizations if they failed to pay for the unordered merchandise.
- The [operators of a business coaching scheme will pay at least \\$1.2 million to settle FTC charges](#) that they targeted people who were trying to start new businesses online and used deception to sell them bogus marketing products and services. According to the [FTC's complaint, Position Gurus and Top Shelf Ecommerce, and their owners](#) Aaron Poysky, Stacy Griego and Samuel Cohen Brown, targeted consumers who were looking for ways to make money by starting retail businesses on the Internet. The defendants found many of their targets by purchasing consumers' contact information from other online business coaching operations that had already deceived the targets.
- The FTC sent letters [warning 50 more marketers to stop making unsupported claims](#) that their products and therapies can effectively prevent or treat COVID-19.
- The operator of a deceptive crowdfunding scheme will be [banned permanently from engaging in crowdfunding activities as part of a settlement](#) with the FTC over allegations that he used contributors' funds for personal use rather than to deliver the high-tech backpack he promised. In its [complaint, the FTC alleged that Douglas Monahan](#), operating through his company, iBackPack of Texas, LLC, raised more than \$800,000 from consumers through four crowdfunding campaigns. [According to the FTC](#), Monahan falsely claimed the funds would be used to develop a handful of products, including an "iBackPack" that would incorporate batteries for charging laptops and phones, cables, and a Bluetooth speaker.
- The FTC is [seeking comment](#) on whether proposed changes should be made to the [Health Breach Notification Rule](#) that currently requires certain companies not covered by the Health Insurance Portability and Accountability Act to notify consumers and the FTC of a data breach within 60 days after discovery of the breach. If more than 500 individuals are affected by a breach, however, entities must notify the FTC within 10 business days. The FTC will be accepting comment for 90 days after the Rule review notice is published in the Federal Register. The FTC is requesting comments on various issues including whether the rule has resulted in under-notification, over-notification, or an efficient level of notification.
- [One of the biggest payment processing companies and its former executive will pay more than \\$40.2 million to settle](#) FTC charges they knowingly processed payments and laundered, or assisted laundering of, credit card transactions for scams that targeted hundreds of thousands of consumers. According to the FTC's complaint, Atlanta-based First Data Merchant Services, LLC (First Data) allegedly ignored repeated warnings from employees, banks, and others that Chi "Vincent" Ko, through his company that served as an independent sales agent for First Data, was laundering, and First Data was assisting and facilitating laundering, payments for companies that were breaking the law. This conduct occurred over a number of years. Ko was later hired as an executive at First Data.
- Following a public comment period, the FTC finalized [a settlement with Delaware comparison shopping website LendEDU](#) over allegations that it promoted deceptive rankings of financial products for a fee and posted fake positive reviews of its website. According to the [agency's administrative complaint](#), LendEDU misled consumers to believe its website provided objective product information, when in fact it offered higher rankings and ratings to companies that paid for placement.

## Securities and Exchange Commission:

- The Securities and Exchange Commission [filed](#) charges in two cases involving companies that claimed in press releases to offer products to test for and combat the COVID-19 virus: one against Applied BioSciences Corp. and one against Turbo Global Partners, Inc. and its CEO, Robert W. Singerman. The SEC previously suspended trading temporarily in the securities of [Applied BioSciences](#) and [Turbo Global](#).
- The SEC announced charges against blockchain services company BitClave PTE Ltd. headquartered in San Jose, California, [for conducting an unregistered initial coin offering of digital asset securities](#). BitClave agreed to settle the charges by paying disgorgement of \$25,500,000, prejudgment interest of \$3,444,197, and a penalty of \$400,000, returning proceeds from the offering, and paying additional monetary relief to be distributed to investors.

## In other federal news:

- The U.S. Treasury Department [announced](#) that it would be delivering millions of economic impact payments by prepaid debit card. Per the Department, to validate an EIP card, consumers will be asked to provide, at minimum, name, address, and social security number. The Department is working with a private company, Money Network Financial, LLC, which will assist with the EIP card program and has posted [FAQs](#) about the program.
- The [Federal Communications Commission](#) (FCC) issued an order that will end the practice of warning most robocallers before issuing penalties for violating the law and for harassing consumers with unwanted robocalls. Such warnings were previously required by law until the TRACED Act was enacted in December 2019. In addition, prior to the TRACED Act, any fine the Commission proposed for TCPA violations by robocallers could be based on violations that occurred only after the warning had been issued. The [order](#) also extends the statute of limitations to four years.
- The FCC and FTC [demanded](#) that gateway providers allowing COVID-19 pandemic-related scam robocalls into the United States cut off this traffic or face serious consequences. The [letters](#) sent May 21, 2020, gave the companies 48 hours to cut off the scam robocalls or face the loss of their access.
- A federal court ordered a California company to stop distributing hand sanitizer products that are unapproved new drugs, the Justice Department [announced](#). The court enjoined Innovative BioDefense Inc., of Lake Forest, California, along with company CEO Colette Cozean and distributor Hotan Barough, from distributing "Zylast" hand sanitizer products until the company obtains U.S. Food and Drug Administration (FDA) approval or removes disease-specific claims from its product labeling. According to the complaint, the defendants marketed their products as being effective against infection by pathogens such as the norovirus, rhinovirus, rotavirus, flu virus, Methicillin-Resistant Staphylococcus Aureus bacteria, and Ebola virus, despite a lack of proof of the products' safety and effectiveness for such uses and no approval from the FDA.
- The U.S. Department of Education's settlement with a class of college students who had sued the Department over its delay in resolving borrower defense to repayment applications, has received [preliminary approval](#). The [settlement](#) would require the Department to resolve within 18 months from the date of settlement, all applications for borrower defense filed by April 7, 2020, and includes potential penalties and debt discharge requirements if the Department fails to meet settlement deadlines.

## Attorney General Consumer Protection News and Other Items of Interest

*Editor's Note: Attorneys General from across the country have issued numerous consumer alerts and guidance for avoiding COVID-19 related scams. They have also issued cease and desist letters and engaged with private industry urging action to halt price gouging on important consumer goods and safety equipment. Space does not permit inclusion a summary of each such release in the Consumer Protection Monthly, however a representative sample of such releases is provided in the news items below. Each such release is available on [consumerresources.org](https://consumerresources.org), our public-facing consumer protection website, which is being updated regularly with coronavirus-related information about actions by the attorneys general. If you have information that you think would be useful for the public or the attorney general community, please send it to CCP Director, Abby Stempson, at [astempson@naag.org](mailto:astempson@naag.org) or Todd Leatherman, CCP Program Counsel at [tleatherman@naag.org](mailto:tleatherman@naag.org). Thank you for the work you are doing to protect consumers in this trying time.*

Led by attorney generals from **California, Illinois, Maryland, New Jersey, Oregon and Washington**, a bipartisan coalition of [34 attorneys general announced a multistate settlement with Santander Consumer USA Inc. \(Santander\), the nation's largest subprime auto financing company](#). The settlement includes approximately \$550 million in relief for consumers and ensures future protections for consumers with subprime auto loans. The settlement resolves allegations that Santander violated consumer protection laws by exposing consumers with subprime auto loans to unnecessarily high levels of risk and knowingly placing these consumers into auto loans with a high probability of default.

Led by **Michigan Attorney General Dana Nessel** and **Ohio Attorney General Dave Yost**, 52 attorneys general wrote a [letter](#) calling on USTelecom, the leading organization representing telecommunications providers, and its Industry Traceback Group (ITG) to continue its collaboration with state attorneys general by bolstering technological capabilities to improve enforcement against illegal robocallers. The bipartisan coalition is urging the association to further develop robocall traceback and other tools suited to law enforcement needs. The letter also asks USTelecom to advance the ITG's abilities in identifying robocall campaigns, trends and business ecosystems; conducting automated traceback investigations; and coordinating with relevant law enforcement agencies.

Led by **attorneys general from Colorado, Montana, Nebraska and North Carolina**, a bipartisan coalition of 39 attorneys general wrote a [letter](#) urging Congressional leaders to fund expanded access to broadband Internet.



Led by **New York Attorney General Letitia James**, a bi-partisan coalition of 26 attorneys general called on the U.S. Department of Housing and Urban Development (HUD) to take immediate action to protect senior citizens from homelessness resulting from the COVID-19 public health crisis. In a [letter to HUD Secretary Ben Carson](#), the coalition recommends specific actions that can help ensure senior citizens with reverse mortgages do not lose their homes to foreclosure as result of the COVID-19 pandemic.

Led by **Massachusetts Attorney General Maura Healey**, 24 attorneys general [called on](#) Congress to make key changes to the Paycheck Protection Program (PPP) to ensure that funds are distributed fairly and equitably. In a [letter](#) to Congressional leadership, the coalition of attorneys general expressed concerns that the program, while helping some small businesses and their employees, suffered from a lack of transparency, technical savvy, and functionality that led to funds being distributed in a manner overly benefitting large, well-connected companies. As a result, the AGs argued that both the first and second rounds of funding with this program have left many small businesses across the country underserved by PPP.

A multistate coalition of 25 attorneys general filed [a motion to extend the deadline](#) for filing claims in the Purdue Pharma bankruptcy due to circumstances caused by COVID-19.

**Led by California Attorney General Xavier Becerra**, a coalition of 12 attorneys general [sent a letter](#) to 10 major auto manufacturers addressing troubling reports that dealerships are engaging in predatory and harmful practices in connection with the return of leased vehicles during the COVID-19 pandemic. The coalition calls on auto manufacturers to ensure that their financing arms and affiliated dealerships have proper controls in place to timely accept the returns of leased vehicles during the pandemic.

**Arizona Attorney General Mark Brnovich** [filed a lawsuit against Google LLC](#) for deceptive and unfair practices used to obtain users' location data, which Google allegedly then exploits for its advertising business. Arizona is seeking to stop Google's allegedly deceptive collection of user data and obtain monetary relief up to and including forcing Google to disgorge gross receipts arising from its Arizona activities.

**Arkansas Attorney General Leslie Rutledge** announced she is filing a lawsuit against Alma Laura Anne Jones and her business Purple Hat Construction, LLC for [failing to complete residential home repair services](#). Rutledge is seeking restitution for harmed consumers, civil penalties, an injunction and other costs and fees. General Rutledge also filed a [lawsuit](#) against residential roofers Chance and Samone Greenhagen, and their company Greenhagen Exteriors, LLC, for [failing to complete roofing projects and provide refunds](#).

**California Attorney General Xavier Becerra** and Alameda County District Attorney Nancy O'Malley announced [misdemeanor price gouging charges against Apna Bazar, a grocery store](#) in Pleasanton, California, and its owner, Rajvinder Singh. California law prohibits charging a price that exceeds, by more than 10 percent, the price of an item before a state or local declaration of emergency. Mr. Singh allegedly increased the prices of several food items more than 10 percent with some prices being as much as 200 percent more than what was previously charged.

**Colorado Attorney General Phil Weiser** sent [cease and desist letters to three businesses that marketed tests for COVID-19 infection or immunity](#) and overstated the reliability and accuracy of the tests. The companies that were served with a cease and desist letter include: [Zvia Weight Loss and MedSpa](#), [Functional Medicine Center of Fort Collins](#), and [Red Tail Wellness Centers](#).

**Connecticut Attorney General William Tong** [urged](#) vendors to work with couples forced to cancel and postpone their weddings due to COVID-19. Connecticut has received multiple complaints from couples recently who have been denied refunds, quoted high fees, and given limited flexibility in attempting to reschedule weddings planned for this spring and summer. Given the unprecedented public health crisis and economic collapse, the Office of the Attorney General is urging both vendors and couples to be flexible and to work collaboratively to find compromise.

**District of Columbia Attorney General Karl A. Racine** announced [a price gouging lawsuit against Helen Mart, a convenience store](#). In response to a complaint submitted in April, the Office of the Attorney General (OAG) investigated and found the store was charging \$12.99 for 121-oz. bottles of Clorox Bleach, 200 percent higher than prices offered by other District retailers. [OAG filed suit](#) after Helen Mart refused to comply with a cease and desist letter ordering the store to reduce its price.

**Florida Attorney General Ashley Moody** recovered thousands of dollars for consumers [who purchased purported at-home COVID-19 test kits](#). Sunshine Community Rx of Sarasota, d/b/a PrecisionMed Pharmacy, sent approximately 1,000 text message solicitations to consumers in the Tampa Bay area offering at-home COVID-19 test kits for \$85 each. More than 100 consumers purchased the kits, but PrecisionMed neglected to inform consumers that the kits were not approved for at-home use. PrecisionMed agreed to make full refunds of more than \$9,000 to its customers and pay \$5,000 in civil penalties. General Moody also announced she is [seeking information from the chief executive](#)

[officer of TikTok](#) about how the China-based social media company ensures the privacy and security of children who use its video application. Attorney General Moody's concerns and [request for information](#) center on whether age verification tools on TikTok's application can be circumvented. If a child under the age of 13 can delete an account and obtain a new account on the very same device using a fake birthdate, specific protections for children may be evaded.

**Georgia Attorney General Chris Carr** warned Georgians about new ways in which scammers are taking advantage of the COVID-19 pandemic including [contact tracing scams, false promises of additional stimulus money and work-at-home/car advertising scams](#).

**Indiana Attorney General Curtis Hill** [announced](#) the filing of a complaint alleging that several companies and people perpetrated a years-long real-estate scheme and defrauded dozens of would-be investors. The [civil complaint](#) alleges that Clayton Morris, Bert Whalen and Natalie Bastin, along with their associated companies, promised consumers simple, ready-to-rent "turnkey" properties that would deliver significant return on investment. Victims of the scheme took possession of dilapidated properties, many with housing code violations, they believed were in better shape and paid for services that were never provided and lost thousands of dollars.

**Kansas Attorney General Derek Schmidt** is [urging residents in Abilene to use caution to avoid scams by transient contractors following recent storms](#). With few exceptions, the Kansas Roofing Contractor Registration Act requires roofing contractors to obtain a registration certificate from the Kansas Attorney General in order to legally solicit or provide commercial or residential roofing services for a fee in Kansas. The online directory of registrations is available at [www.InYourCornerKansas.org](#).

**Louisiana Attorney General Jeff Landry** has [released the quarterly list of children's products that have recently been recalled](#), and is encouraging Louisiana parents, guardians, and caregivers to take precautions to protect their little ones. To view pictures, descriptions, and suggested remedies for these recalled items, consumers are urged to visit [www.agjefflandry.com/safetybox](#).

**Maryland Attorney General Brian E. Frosh** announced [a settlement with Mid Atlantic Water, an online retailer based in Maryland, specializing in the sale of water filtration equipment](#), and its owner, Aidan Walsh. Frosh alleged that Mid Atlantic Water and Walsh accepted payments in over two hundred instances for water filtration equipment that they failed to deliver to their customers. Mid Atlantic then failed to accept their consumers' cancellation and refund requests. The settlement includes injunctive relief, refunds for consumers for goods that were not delivered, and civil penalties.

**Massachusetts Attorney General Maura Healey** today announced her office has secured more than \$1.4 million in additional [refunds for nearly 4,200 Massachusetts consumers whose trips were cancelled](#) this spring due to the COVID-19 pandemic as part of a settlement with a Cambridge-based educational travel company. In an [Assurance of Discontinuance](#), EF Institute for Cultural Exchange Inc. and EF Explore America Inc. will offer additional cash refunds ranging from \$100 to \$435 to consumers who booked domestic and international travel through the company scheduled to depart between March 11 and May 14, 2020, that was ultimately cancelled due to the escalating public health emergency.

**Michigan Attorney General Dana Nessel** [took multiple actions to fight COVID-19-related price gouging](#). Nessel obtained Assurances of Voluntary compliance against Michigan-based as well as Amazon online sellers for selling sanitizer, disinfecting wipes, masks and other household products at inflated prices.

**Montana Attorney General Tim Fox** [cautioned](#) Montanans to mitigate their risk of being hacked while using the cloud-based video conferencing tool Zoom. His recommendation follows reports of two Billings churches being "Zoom bombed" recently during virtual services.

**Nevada Attorney General Aaron D. Ford** is advising Nevadans to [watch out for utility imposter phone scams](#) as local businesses reopen. The utility imposter scam involves a scammer posing as a member of a reputable utility company demanding money from unsuspecting customers. The scammer often calls from a number that has been "spoofed" to look like it belongs to the actual company; however, it is just an attempt to add legitimacy to the scam. The scammer usually explains that the consumer is behind on his or her utility bill and demands immediate payment to avoid a shutoff of utilities.

**New Mexico Attorney General Hector Balderas** [sued JUUL Labs Inc.](#) for allegedly illegally advertising and selling nicotine products to underage youth and creating an epidemic of nicotine addiction among young people. The lawsuit demands that JUUL pay for the costs associated with combating a public health crisis affecting young people across

New Mexico and seeks restitution, damages, and penalties and an order requiring JUUL to abate the harm it has caused in New Mexico.

**New York Attorney General Letitia James** announced [a settlement that stops fraudulent student debt relief practices](#) by a ring of five New York-based defendants. Stemming from a lawsuit originally filed in September 2018, Attorney General James filed a [proposed consent judgment](#) for \$5.5 million against three New York-based student loan debt relief companies, Debt Resolve, Inc.; Student Loan Care, LLC; and Progress Advocates, LLC, and two of the companies' executive officers, Bruce Bellmare and Stanley Freimuth, for their part in running a student loan debt relief scam that allegedly cheated thousands of New York student loan borrowers out of millions of dollars. General James also [announced](#) a [letter agreement with Zoom Video Communication](#)s that will provide security protections for more than 300 million meeting participants on the platform. General James also [provided direction](#) to law enforcement departments throughout New York state, so they have clear guidance on how to protect the public from unlawful evictions both during the COVID-19 public health crisis and into the future.

**North Carolina Attorney General Josh Stein** [announced](#) that he obtained a [temporary restraining order](#) against Charlotte-based A1 Towing Solutions, Inc. and its owner David Jewel Satterfield for allegedly violating North Carolina's price gouging statute and engaging in deceptive trade practices and unfair debt collection practices. The restraining order bans them from the towing business in North Carolina until a court hearing. The [lawsuit](#) alleges that the defendants booted or towed trucks that were delivering food, water, bleach, or needed medical supplies in spite of the trucks' drivers having the necessary permission of property owners to park their trucks on the property. After towing or booting the trucks, the defendants allegedly forced drivers to pay exorbitant amounts, up to \$4,400, for their release. The defendants also allegedly double-booted a tractor and its attached trailer to double the price for removing the boots, charged inflated fees for use of a credit card and bogus fees for filings with the DMV, and threatened to increase fees for the release of the trucks unless the drivers paid immediately.

**Oklahoma Attorney General Mike Hunter**, in response to reports that some Americans are mistakenly discarding stimulus debit cards, [urged Oklahomans to not assume that unmarked envelopes containing cards are junk mail](#). The U.S. Department of the Treasury and the Internal Revenue Service announced the agencies had begun the process of sending nearly 4 million Visa debit cards loaded with the \$1,200 stimulus payments to Americans. The debit cards are arriving at households in plain envelopes, leading to confusion and individuals mistaking it for junk mail or fraudulent activity. Attorney General Hunter is encouraging Oklahomans to open such correspondence and ensure they are not accidentally throwing away their stimulus payments.

**Pennsylvania Attorney General Josh Shapiro** [announced](#) that his office has shut down price gouging efforts at the Fresh & Easy Convenience Store in Boothwyn, Pennsylvania through an [Assurance of Voluntary Compliance](#). General Shapiro also entered into an [Assurance of Voluntary Compliance](#) with Philadelphia EZ Dollar Plus store, [stopping](#) price gouging of face masks and hand sanitizers that were being sold at prices that exceeded limits set by the state price gouging statute.

**Washington Attorney General Bob Ferguson** [filed consumer protection lawsuits against two gyms](#) that continued to operate in violation of Gov. Jay Inslee's "Stay Home, Stay Healthy" proclamation. Both business owners have received multiple warnings that, by continuing to operate, they were endangering public health. In addition, they are engaging in an unfair business practice while their competitors remain closed. General Ferguson also announced that Nevada-based JRK Residential Group Inc. [will pay nearly \\$350,000, including almost \\$300,000 directly to tenants](#) in the form of refunds, payments, and rent forgiveness, to resolve [a lawsuit Ferguson filed in April](#) over the company's violations of the state's emergency eviction moratorium. Ferguson's lawsuit was the first filed to enforce one of Gov. Jay Inslee's emergency proclamations.

**West Virginia Attorney General Patrick Morrissey** [announced](#) a \$3.9 million [settlement](#) to resolve allegations that Johnson & Johnson and two of its specialty corporations engaged in unlawful, unfair and deceptive conduct in the marketing of surgical mesh devices and hip replacement systems.

Twenty consumer groups led by the Campaign for Free Childhood and the Center for Digital Democracy filed a [55-page complaint](#) with the FTC claiming that TikTok had failed to comply with a [2019 FTC settlement of allegations that it had violated the Children's Online Privacy Protection Act](#).

A Colorado restaurant [filed a false advertising suit](#) against Grubhub a for allegedly telling consumers that restaurants it doesn't work with are closed and directing those people to establishments that use Grubhub's service.

Most newly registered COVID-19 domains aren't leading to phishing attacks, network security firm Lastline [found in a report](#). Examining newly registered domain data feeds from the Cyberthreat Coalition, PhishLabs and CISA, Lastline determined that of the more than 6,000 examined, phishing domains account for only 2.4 percent in those feeds.

Nearly 14 percent offered some kind of pandemic goods or suspicious treatment, but the majority, 84 percent, were not active.

## Charities

**Florida Attorney General Ashley Moody** successfully [obtained the appointment of a receiver over the Florida Coalition Against Domestic Violence Foundation](#) to oversee the Foundation's assets amounting to approximately \$1.5 million plus some undeveloped parcels of real estate. [The order](#) provides that the receiver can use \$500,000 of the Foundation's funds to pay creditors, fund the mission of FCADV, distribute money to the state's 42 domestic violence shelters and for administrative costs. The remaining funds will be held by the receiver under court supervision.

**Ohio Attorney General Dave Yost** partnered with Philanthropy Ohio and Ohio State University's John Glenn College of Public Affairs to produce [The Ohio Nonprofit COVID-19 Survey](#) which captured early reactions of the nonprofit sector to the pandemic, including their concerns and planned actions. According to the report, one in four Ohio nonprofits are not able to provide any services due to economic fallout from the pandemic and an additional 50% are doing so at a significantly reduced capacity.

The National Association of State Charity Officials (NASCO) [released](#) a [Survey of State Laws Governing Registration of Charities](#) as of May 15, 2020. The survey includes information regarding relief certain states have provided in light of the COVID-19 crisis. NASCO's goal is to update information on COVID-related changes on a regular basis. NASCO is an association of state offices including attorneys general, secretaries of state and other offices charged with the regulation and oversight of charitable organizations and charitable solicitation in the United States.

## Legislation

**New York Attorney General Letitia James** applauded [passage of legislation that will substantially strengthen New York State's price gouging statute](#) to prevent excessive price increases on essential goods and services, as the state continues to battle the coronavirus disease. The bill ([S.8189/A.10270](#)) expands protections against price gouging beyond consumer goods to include any products or services that are vital or necessary to the health, safety, and welfare of consumers or the general public, including medical supplies and equipment, such as ventilators. The legislation also extends protection to small businesses, hospitals and other health care providers, and the State of New York, as they purchase products or services for the benefit of the public.

## Veterans and Military News

**Washington Attorney General Bob Ferguson** [announced](#) a Washington State Court judge ruled that a Tacoma-based towing company and its owner, Kristine Zachary, illegally auctioned off vehicles owned by active-duty military service members in violation of the Servicemembers' Civil Relief Act which requires companies to obtain a court order before selling at auction vehicles owned by active duty service members. The court ruled that Burns Towing will be required to pay restitution to all service members who suffered financial losses when the company towed their car.

## Upcoming Events

Due to the Coronavirus pandemic, NAAG canceled the Consumer Protection Spring Conference in Raleigh that was supposed to take place in May. The meeting will not be rescheduled. NAAG's goal is to reschedule the conference in Raleigh for the Spring 2021 conference. We look forward to the NAAG Consumer Protection Fall Conference which is scheduled for October 26-28, 2020, in Washington, DC and have great hope that schedules will resume to normal by that time. Furthermore, all in-person NAGTRI trainings are cancelled through July 31.





State and territory attorneys general protect citizens from unfair, misleading, and deceptive acts and practices. Learn more at:

[www.ConsumerResources.org](http://www.ConsumerResources.org)

[Todd Leatherman](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**April 2020**



### **Consumer Chief of the Month: Cholla Khoury, New Mexico**

During this uncertain time, when our citizens are at their most vulnerable, the work we do in the consumer protection world is critical both to the well-being of our citizens and the successful reemergence of our economies. It is humbling to be asked to write about consumer protection as the critical importance of this topic is garnering more attention than ever before. However, the current crisis doesn't change the underlying principle that bad business is bad for everyone: consumers; businesses trying to do the right thing; and our economies, both statewide and nationally.

[Read More](#) ➔

### **Article of the Month**

#### **Turning the Mitten on Your Map into a Boxing Glove Against Gougers**

**By Darrin Fowler, Assistant Attorney General, Michigan  
Attorney General's Office**

As COVID-19 spreads across the country, those of us working in consumer protection are now confronting the scourge of those seeking to profit from the upheaval through price gouging.

From the onset of the public emergency, the Michigan Attorney General's Office aimed for a prompt and powerful response to misconduct in the market for consumer goods. With the earliest reports of price gouging, we were concerned about a situation that could deteriorate if left unchecked. In the introduction to his 2000 book "The Tipping Point," columnist and author Malcolm Gladwell presciently observed: "Ideas and products and messages and behaviors spread just like viruses do." Applying Gladwell's premise to the present dynamic, people and businesses seeing an out-of-control market are more likely to engage in price gouging than they would be under ordinary conditions.

[Read More](#) ➔



**A note from the NAGTRI Center for Consumer Protection (CCP) to our readers:** NAAG and the CCP are working to provide information to our members and the public about what attorneys general are doing across the country related to coronavirus and consumer protection. [ConsumerResources.org](https://www.consumerresources.org), our public-facing consumer protection website, is being updated regularly with COVID-19-related information from attorneys general offices including enforcement actions, cease and desist letters, consumer alerts, and press releases. It also has links to state price gouging statutes. If you have information that you think would be useful for the public or the attorney general community, please send it to CCP Director, Abby Stempson, at [astempson@naag.org](mailto:astempson@naag.org) or Todd Leatherman, CCP Program Counsel at [tleatherman@naag.org](mailto:tleatherman@naag.org). Thank you for the work you are doing to protect consumers in this trying time.

### **Become a Subscriber**

To subscribe to the Center for Consumer Protection Monthly Newsletter, [click here](#).



## **Scam Alert:**

[Don't Fall for COVID-19 Puppy Scams](#)

# **Federal Consumer Protection News**

## **Consumer Financial Protection Bureau:**

- The Consumer Financial Protection Bureau (Bureau) [announced](#) a settlement with Cottonwood Financial, Ltd., which does business under the name Cash Store. Cash Store, based in Irving, Texas, owns and operates roughly 340 retail lending outlets in Idaho, Illinois, Michigan, New Mexico, Texas, Utah, and Wisconsin. The Bureau found that in marketing, servicing, and collecting on high-interest payday, auto-title, and unsecured consumer-installment loans, Cash Store violated the Consumer Financial Protection Act, Fair Credit Reporting Act, and Truth in Lending Act. The [consent order](#) requires Cash Store to pay more than \$1.3 million in redress and penalties.
- The CFPB has [released](#) a [video](#) on how struggling homeowners can obtain mortgage forbearance if their finances are impacted due to the COVID-19 pandemic.
- The CFPB took steps to make it easier for consumers to receive pandemic-relief payments, including the economic impact payments authorized in the Coronavirus Aid, Relief, and Security Act (CARES Act), through prepaid accounts. The Bureau [issued](#) an [interpretive rule](#) on the treatment of pandemic relief payments under Regulation E and application of the compulsory use prohibition. The Rule eases restrictions and allows for alternative methods of payments including prepaid cards.
- The CFPB took [steps](#) to make it easier for consumers with urgent financial needs to obtain access to mortgage credit more quickly in the middle of the COVID-19 pandemic. The Bureau is issuing an [interpretive rule](#) clarifying that consumers can exercise their rights to modify or waive certain required waiting periods under the TILA-RESPA Integrated Disclosure Rule and Regulation Z rescission rules. The Bureau is also issuing an [FAQ document](#) that addresses when creditors must provide appraisals or other written valuations to mortgage applicants in order to expedite access to credit for consumers affected by the COVID-19 pandemic.

## **Federal Trade Commission:**

- The United States District Court for the District of Columbia approved the Federal Trade Commission's (FTC) 2019 Facebook settlement. The court stated in a [Memorandum Opinion](#) that the settlement was reasonable and in the public interest. Noting that it retained jurisdiction over the matter the court stated: "in



the event that the parties return to this Court because the United States alleges, once again, that Facebook has reneged on its promises and continued to violate the law or the terms of the amended administrative order, the Court may not apply quite the same deference to the terms of a proposed resolution." Thereafter, the Commission [voted 3-2](#) to amend its 2012 privacy order with Facebook to include the provisions that were incorporated in the settlement. FTC Chair Joe Simons issued a [statement](#) regarding the court's decision.

- The FTC [announced](#) that Progressive Leasing, a company that markets rent-to-own payment plans in tens of thousands of retail stores nationwide, will pay \$175 million to settle charges it misled consumers about the true price of items purchased through its plans. According to the FTC's [complaint](#), consumers who visited retailers to buy items such as furniture, jewelry, or cellphones frequently were told that Progressive's payment plans were "same as cash" or "no interest," leading consumers to believe they would not be charged more than an item's sticker price. Under the terms of the [proposed settlement](#), Progressive will be required to pay \$175 million to the FTC to be used for providing refunds to affected consumers. The Commission vote authorizing the staff to file the complaint and proposed stipulated final order was 3-2, with Commissioners Rohit Chopra and Rebecca Kelly Slaughter dissenting. [Commissioner Christine S. Wilson issued a statement](#), and [Commissioner Slaughter issued a dissenting statement](#).
- Three California-based student loan debt relief companies and their owner Adam Owens have [agreed](#) to be permanently banned from the debt relief business in order to settle FTC charges that they falsely promised to lower or eliminate consumers' student loans in return for an illegal upfront fee. The FTC also alleged that the companies and Owens failed to disclose that they paid consumers for positive Better Business Bureau reviews. The proposed [final stipulated order](#) would further require the defendants to turn over more than \$470,000 in assets, after which the remainder of the \$23.9 million judgment would be suspended due to defendants' inability to pay.
- The FTC sent joint letters with the Federal Communications Commission (FCC) [to three companies providing Voice over Internet Protocol \(VoIP\) services](#), warning them that routing and transmitting illegal robocalls, including coronavirus-related scam calls, is illegal and may lead to federal law enforcement against them. The agencies sent a separate letter to The Broadband Association (USTelecom), a trade association that represents U.S.-based telecommunications-related businesses. The letter thanks USTelecom for identifying and mitigating fraudulent robocalls that are taking advantage of the Coronavirus national health crisis, and notes that the USTelecom Industry Traceback Group has helped identify various entities that appear to be responsible for originating or transmitting Coronavirus-related scam robocalls. The letter further notifies USTelecom that if, after 48 hours of the release of the letter, any of the specified gateway or originating providers continue to route or transmit the specified originators' robocalls on its network, the FCC will: 1) authorize other U.S. providers to block all calls coming from that gateway or originating provider; and 2) authorize other U.S. providers to take any other steps as needed to prevent further transmission of unlawful calls originating from the originator.
- A Canadian company, RevenueWire, and its CEO, Roberta Leach, will [pay](#) \$6.75 million to settle FTC charges alleging they laundered credit card payments for, and assisted and facilitated, two tech support scams previously sued by the FTC. [According to the FTC](#), RevenueWire entered into contracts with payment processors to obtain merchant accounts to process credit card charges for its own sales of eBooks and software. In reality, however, RevenueWire used its accounts to process credit card charges and collect payments from consumers on behalf of ICE and Vast, two companies that allegedly used [tech support scams to bilk consumers](#) out of millions of dollars.
- The FTC is [mailing](#) checks totaling more than \$3.1 million to consumers who were victims of a student loan debt relief and credit repair scheme. Strategic Student Solutions (also doing business under other names) and its owner, Dave Green, [settled FTC allegations](#) that they charged consumers illegal upfront fees and falsely promised to reduce their student loan debt or monthly payments by enrolling them in student loan forgiveness or other programs. The FTC also alleged that the defendants falsely promised to apply monthly payments to consumers' student loans and to improve their credit scores and histories. The FTC is mailing 20,988 checks averaging \$148 each to victims of the scheme. If recipients have questions about the refunds, they should contact JND Legal Administration at 888-304-0184.
- The FTC is [mailing](#) checks totaling more than \$1 million to individuals targeted by a business opportunity scheme that promised consumers big profits from selling on Amazon. The FTC and the Minnesota Attorney General's Office alleged that Sellers Playbook, Inc. lured consumers into believing that they were likely to earn thousands of dollars a month selling products on Amazon. In marketing their "system" for selling on Amazon, the defendants made false and unsubstantiated claims, such as make "\$20,000 a month" and "Potential Net Profit: \$1,287,463.38." The FTC is mailing 350 checks averaging \$2,954 each to victims of the scheme who previously filed a complaint with law enforcement. If recipients have questions about the refunds, they should contact Rust Consulting at 877-465-1469.
- The marketers of three supplements called Neurocet, Regenify, and Resetigen-D have [settled](#) an FTC complaint alleging they deceptively promoted their products to older Americans using false claims that their products could stop pain and treat age-related ailments. The [proposed stipulated order](#) would bar the defendants, five related companies called Mile High Madison Group, Inc., Nordic Clinical, Inc., Encore Plus Solutions, Inc., Le Groupe Mile High Madison, Inc., and Clinique Nordique, Inc. and their principals, Vittorio DiCriscio and Vito Proietti, from making any claims about the health benefits of their products unless they



are true and supported by scientific evidence. The order also would impose a judgment of more than \$38.1 million, which is partially suspended due to inability to pay, after the defendants pay \$1.3 million.

- A Canadian company, Tapplock, Inc., has [settled](#) FTC allegations that it deceived consumers by falsely claiming that its Internet-connected smart locks were designed to be "unbreakable" and that it took reasonable steps to secure the data it collected from users. Tapplock sells fingerprint-enabled, Internet-connected padlocks, and has touted in its advertisements that its smart locks were "Bold. Sturdy. Secure.," according to the [FTC's complaint](#). The settlement requires Tapplock to, among other things, implement a comprehensive security program and obtain independent biennial assessments of the program. The company's smart locks interact with a companion mobile app that allows users to lock and unlock their locks when they are within Bluetooth range and collects personal information including the precise location of users' smart locks. The FTC alleged that contrary to its representations to consumers, the company's locks were not secure and that Tapplock failed to take reasonable precautions or follow industry best practices to protect the consumer data it collected.
- The FTC has [charged](#) a Rhode Island-based company and its owner with falsely claiming to be an approved lender for a federal coronavirus relief lending program and asked a federal court to immediately halt their misrepresentations. The [FTC's complaint alleges that Ponte Investments, LLC](#), also doing business as SBA Loan Program and SBA Loan Program.com, and its owner John C. Ponte, have been falsely claiming an affiliation with the U.S. Small Business Administration (SBA) and marketing themselves to small businesses as an approved lender under SBA's Paycheck Protection Program (PPP). The PPP is a program authorized as part of the CARES Act.
- The FTC [announced](#) it has sent [10 additional letters](#) warning companies, both in the United States and abroad, to cease making unsubstantiated claims that their products can treat or prevent coronavirus disease. While some letters challenge products sold online, others challenge purported treatments offered in clinics or even at a consumer's home. The FTC sent the letters to the following companies: 1) Bioenergy Wellness Miami, 2) Face Vital LLC, 3) LightAir International AB, 4) MedQuick Labs LLC, 5) New Performance Nutrition, 6) PuraTHRIVE LLC, 7) Resurgence Medical Spa, LLC, 8) Rocky Mountain IV Medics, 9) Suki Distribution Pte. Ltd., and 10) Vita Activate.
- Online fashion retailer Fashion Nova will [pay](#) \$9.3 million in refunds to settle [FTC charges](#) that it violated the Mail, Internet, Or Telephone Order Merchandise Rule when it didn't properly notify consumers and give them the chance to cancel their orders when it failed to ship merchandise in a timely manner, and that it illegally used gift cards to compensate consumers for unshipped merchandise instead of providing refunds.
- The FTC [announced](#) the launch of two new [interactive dashboards](#) detailing consumer reports about international fraud and scams. One of the new interactive dashboards provides data on cross-border complaints submitted by consumers to econsumer.gov, a site created in 2001 by members of the International Consumer Protection and Enforcement Network (ICPEN) to gather and share consumer complaints about international scams. The dashboard is updated quarterly, and includes information on the top consumer complaints, total reported losses, the top locations for fraud, and the top locations for consumer victims.

## Department of Justice:

- Christopher Parris, a 39-year-old Atlanta, Georgia resident, was [arrested](#) and charged in federal court in the District of Columbia with fraud for attempting to sell millions of nonexistent respirator masks to the Department of Veterans Affairs in exchange for large upfront payments, the Justice Department announced. The criminal complaint alleges that Parris made a series of fraudulent misrepresentations in an attempt to secure orders from the Department of Veterans Affairs for 125 million face masks and other personal protective equipment (PPE) that would have totaled over \$750 million.
- A federal court in Utah has entered an injunction halting the sale of a fraudulent COVID-19 treatment, the Department [announced](#). A temporary restraining order was entered against defendants Gordon Pedersen of Cedar Hills, Utah, and his companies, My Doctor Suggests LLC and GP Silver LLC based on evidence that the defendants are fraudulently promoting and selling various silver products for the treatment and prevention of COVID-19.
- A federal court entered a permanent injunction halting a purported ["ozone therapy" center](#) in Dallas, Texas, from offering unproven treatments for COVID-19. The defendants agreed to be bound by a permanent injunction barring them from representing that ozone could be used to treat or cure COVID-19.
- U.S. Attorney Craig Carpenito, New Jersey Attorney General Gurbir S. Grewal, and New Jersey Acting State Comptroller Kevin D. Walsh [announced](#) the formation of a joint federal-state task force to investigate and prosecute a wide range of misconduct arising from the COVID-19 pandemic, including the unlawful hoarding of medical supplies, price gouging, charity scams, procurement fraud, insurance fraud, phishing schemes, and false and misleading investment opportunities.
- The United States District Court for the Southern District of Florida has entered a temporary injunction halting the sale of an unapproved, unproven, and potentially dangerous COVID-19 treatment product, the Department [announced](#). The Department alleged that the defendants, Genesis II Church of Health and

Healing and its principals, Mark Grenon, Joseph Grenon, Jordan Grenon, and Jonathan Grenon sell and distribute a product called Miracle Mineral Solution, also referred to as MMS. MMS is a chemical product which, when combined with the included activator, creates a powerful bleach product that the defendants market for oral ingestion. The FDA has previously issued public warnings to consumers that MMS can cause nausea, vomiting, diarrhea, and symptoms of severe dehydration.

- Federal authorities [announced](#) that an ongoing cooperative effort between law enforcement and a number of private-sector companies, including multiple Internet domain providers and registrars, has disrupted hundreds of Internet domains used to exploit the COVID-19 pandemic to commit fraud and other crimes including ones involving phony cures, bogus charities and distribution of malware.
- The Departments of Justice and Health and Human Services [announced](#) the distribution of hoarded PPE, including approximately 192,000 N95 respirator masks, to those on the frontline of the COVID-19 response in New York and New Jersey. The FBI discovered the supplies during an enforcement operation by the Department of Justice's COVID-19 Hoarding and Price Gouging Task Force and alerted HHS which used its authority under the Defense Production Act to order that the supplies be immediately furnished to the United States. In addition to the N95 respirator masks, the supplies found included 598,000 medical grade gloves and 130,000 surgical masks, procedure masks, N100 masks, surgical gowns, disinfectant towels, particulate filters, bottles of hand sanitizer, and bottles of spray disinfectant.
- Pentax Medical Company will pay \$43 million to resolve criminal charges based on the company's shipment of four types of endoscopes for 18 months without FDA-cleared instructions for use and the company's failure to file timely reports of two infections associated with its endoscopes, the Department [announced](#). As a result of the conduct outlined in the criminal complaint, Pentax has agreed to pay a \$40 million criminal fine and to forfeit \$3 million.
- The Department [announced](#) that the Madoff Victim Fund (MVF) began its fifth distribution of approximately \$378.5 million in funds forfeited to the U.S. Government in connection with the Bernard L. Madoff Investment Securities LLC fraud scheme, bringing the total distributed to over \$2.7 billion to nearly 38,000 victims worldwide.

## Securities and Exchange Commission:

- The Securities and Exchange Commission (SEC) [obtained](#) a final judgment against Christian concert promoter Jeffrey E. Wall, of Maine, and his business, The Lighthouse Events LLC. The Commission [charged](#) Wall and Lighthouse in April 2019 with operating a community-based financial fraud related to Christian music concerts and festivals. Wall and Lighthouse used investor funds for a variety of other expenses, including payment of Lighthouse's existing debt and payments to earlier investors. The court issued an injunction and ordered Wall and Lighthouse to pay, jointly and severally, \$1,589,815 in disgorgement of ill-gotten gains plus \$202,056 in prejudgment interest thereon, and individual civil penalties of \$1,589,815 against Wall and \$1,589,815 against Lighthouse.
- The SEC [announced](#) charges against Praxsyn Corp. and its CEO for allegedly issuing false and misleading press releases claiming the company was able to acquire and supply large quantities of N95 or similar masks to protect wearers from the COVID-19 virus. The SEC previously issued an [order](#) on March 25 temporarily suspending trading in the securities of Praxsyn.

## In other federal news:

- The FBI is providing this [industry alert](#) to warn government and health care industry buyers of rapidly emerging fraud trends related to procurement of PPE, medical equipment such as ventilators, and other supplies or equipment in short supply during the current COVID-19 pandemic. The FBI is aware of multiple incidents in which state government agencies, attempting to procure such equipment, wire transferred funds to fraudulent brokers and sellers in advance of receiving the items. The brokers and sellers included both domestic and foreign entities.
- The Federal Communications Commission (FCC) [issued](#) a [Notice of Proposed Rulemaking](#) aimed at better protecting Americans from one-ring scam calls. One-ring scam calls occur when a call placed to a consumer's phone rings just once, using international toll-generating numbers that charge large fees per minute when consumers call back. The FCC's proposal is the latest step to address this problem; it follows a [consumer alert](#) the agency issued in May 2019 and implements one section of the recently passed Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act (TRACED Act).
- The U.S. Food and Drug Administration and FTC [issued](#) warning letters to three sellers of fraudulent COVID-19 products, as part of the FDA's effort to protect both people and pets. The first seller warned, [Herbs of Kedem](#), sells unapproved and misbranded herbal products for the prevention and treatment of COVID-19. The second seller warned, [the GBS dba Alpha Arogya India Pvt Ltd](#), offers unapproved and misbranded ayurvedic products including "Alpha 11" and "Alpha 21" for sale in the U.S. with misleading claims about the prevention or treatment of COVID-19. The third seller warned, [Gaia Arise](#)

[Farms Apothecary](#), offers unapproved and misbranded products including "True Viral Defense" also referred to as "Viral Defense Tincture." The company makes misleading claims the products are safe and/or effective for the treatment or prevention of COVID-19 in people.

- The U.S. Treasury Inspector General for Tax Administration (TIGTA) [announced](#) the creation of a [web page](#) and reporting form for coronavirus relief payment scams. TIGTA also [urged](#) eligible Economic Impact Payment recipients, financial institutions, and other Federal, State, and local law enforcement partners to report suspected fraud relating to the CARES Act to TIGTA immediately at [TIGTA.gov](#).

## Attorney General Consumer Protection News and Other Items of Interest

*Editor's Note: Attorneys General from across the country have issued numerous consumer warnings, alerts, and guidance for avoiding COVID-19 related scams. Attorneys General have also issued cease and desist letters and engaged with private industry urging action to halt price gouging on important consumer goods and safety equipment. Space does not permit inclusion of a summary of each such release in the Consumer Protection Monthly, however a representative sample of such releases is provided in the news items below. Each such release is available on [consumerresources.org](#), which is maintained by the NAGTRI Center for Consumer Protection.*

**Texas Attorney General Ken Paxton** and **Minnesota Attorney General Keith Ellison** [led](#) 40 attorneys general in an [amicus brief](#) filed with the United States Supreme Court in support of decisions by the Supreme Courts of Montana and Minnesota. The brief argues that those state supreme courts correctly ruled in favor of allowing individuals to file personal injury lawsuits in the states in which they reside and were injured, regardless of where the defendant was located. The cases arose from lawsuits that residents of Montana and Minnesota brought against Ford Motor Company alleging that its defective vehicles caused serious crashes in the residents' home states. Ford sought to have each case dismissed, arguing that the state courts lacked jurisdiction because the vehicles were purchased in other states. The supreme courts of Montana and Minnesota both affirmed that courts in the plaintiffs' home states have jurisdiction in these types of cases, and Ford appealed.

Led by **Iowa Attorney General Tom Miller** and **California Attorney General Xavier Becerra**, a bipartisan coalition of 35 attorneys general [recommended](#) actions to help homeowners in letters sent to the [Federal Housing Finance Agency](#) and the [Department of Housing and Urban Development](#). The coalition applauded federal efforts to suspend evictions and foreclosures and expressed appreciation for additional forbearance and foreclosure relief provided by the CARES Act. The letter recommends that the agencies should issue guidance revising their forbearance programs so that forbore payments are automatically placed at the end of the loan's term; that they should expand eligibility for disaster relief loss mitigation programs; and clarify that the moratorium on foreclosures and evictions applies to all aspects of the foreclosure or eviction process.

**California Attorney General Xavier Becerra** and **North Carolina Attorney General Josh Stein** [led](#) a coalition of 22 attorneys general in sending a [letter](#) to the U.S. Department of Health and Human Services and its Centers for Medicare & Medicaid Services, urging them to reconsider their decision to deny a special enrollment period on [HealthCare.Gov](#) during the current worldwide pandemic. In the letter, the attorneys general point out that as a result of the COVID-19 pandemic, millions of individuals have lost their jobs, and with their jobs, their ability to pay for healthcare. Many people may be prevented from obtaining treatment because they lack healthcare coverage or face financial ruin if they seek care.

Led by **Pennsylvania Attorney General Josh Shapiro**, a coalition of 23 Attorneys General [wrote](#) the CFPB demanding that it enforce the CARES Act and require credit reporting agencies to follow the Fair Credit Reporting Act during the COVID-19 crisis. The [letter](#) stated that the CFPB's recent announcement that it would not enforce the law would leave consumers at the mercy of unresponsive credit agencies at a critical time.

Led by **New York Attorney General Letitia James**, a bipartisan group of 25 attorneys general sent a [letter to Treasury Secretary Steven Mnuchin](#), calling on the U.S. Department of the Treasury to take immediate action to ensure billions of dollars in emergency stimulus payments authorized by the CARES Act go to American families and not debt collectors. Unlike other government programs, the CARES Act does not explicitly designate the emergency stimulus payments as exempt from garnishment from creditors. Attorney General James and the coalition are asking the agency to protect CARES Act funds, like other government relief programs, and ensure funds go where they were originally intended.

Led by **District of Columbia Attorney General Karl Racine**, a bipartisan group of 23 attorneys general sent a [letter](#) calling on the FTC to enhance consumer protections around funeral home services. In a comment letter about the Funeral Industry Practices Rule, the Attorneys General warn that insufficient pricing transparency in the

funeral industry inhibits consumers from accurate comparison shopping and exposes them to being overcharged. The coalition recommends funeral service providers be required to publicize prices online, standardize pricing disclosures, and safeguard consumer funeral funds from misuse and fraud.

Led by **Virginia Attorney General Mark R. Herring**, a coalition of 20 attorneys general sent a letter [urging 3M](#) to do more to combat inflated prices of N95 respirators and other desperately needed personal PPE. As detailed in the letter, there has been a critical shortage of PPE across the country and distributors have been taking advantage of the situation to charge higher than normal prices for N95 face masks and other PPE. The coalition highlights that, while 3M has committed to maintaining prices for N95 respirators, distributors and others in the marketplace have been charging unconscionable prices. The letter included the following specific requests: 1) Continue to publish policies prohibiting price gouging by its distributors and cease doing business with those distributors who violate them; 2) Create a database of 3M's inventory of N95 respirators for government officials and healthcare providers; and 3) Make transparent how inventory is being distributed and how orders are being filled.

Led by **New York Attorney General Letitia James** and **Pennsylvania Attorney General Josh Shapiro**, a group of 22 attorneys general [warned](#) the nation's three consumer reporting agencies that they will not hesitate to enforce safeguards set in place to ensure consumers' credit is properly protected and that their credit reports are fairly and accurately reported as Americans continue to struggle from the economic fallout of the COVID-19 public health crisis.

**Alaska Attorney General Kevin G. Clarkson** [announced](#) a law suit against Juan Lyle Aune alleging that Aune profited from the spread of COVID-19 by purchasing thousands of N95 respirators from Alaska stores, and then reselling the respirators on Amazon and eBay for unconscionably high prices.

**Arizona Attorney General Mark Brnovich** [issued](#) a [cease-and-desist notice](#) to Phoenix-based YiLo Superstore Dispensary to stop YiLo from advertising products as a treatment or cure for COVID-19. According to information received by the Attorney General's Office, text messages have been circulating offering for sale a "Corona Immunization Stabilizer Tincture," in connection with YiLo. General Brnovich also issued a consumer [advisory](#) concerning work-from-home and classroom cybersecurity.

**Arkansas Attorney General Leslie Rutledge** issued a [consumer alert](#) about the risks of virtual meetings and tips for consumers to protect themselves while meeting online.

**California Attorney General Xavier Becerra** [issued an alert](#) and tips reminding consumers of their data privacy rights amidst the COVID-19 public health emergency.

**Colorado Attorney General Phil Weiser** [announced](#) that Colorado has secured relief options with many private student loan servicers to expand on the protections the federal government granted to federal student loan borrowers. The federal CARES Act provides much needed relief for many borrowers with student loans, including the suspension of monthly payments, interest, and involuntary collection activity until Sept. 30, 2020. However, the CARES Act left out millions of student loan borrowers with federal loans that are not owned by the U.S. government as well as loans made by private lenders.

**Connecticut Attorney General William Tong** [warned](#) consumers to beware of pyramid schemes proliferating during the COVID-19 crisis and issued [guidance](#) about cybersecurity during the pandemic.

**Florida Attorney General Ashley Moody's** Consumer Protection Division [announced](#) the issuance of 65 investigative subpoenas regarding price gouging and a [consumer alert](#) about threats from hackers when consumers are working at home. General Moody also issued an [alert](#) warning consumers to not give scammers personal information while gaming online.

**Indiana Attorney General Curtis Hill** [announced](#) that Indiana will receive \$19.5 million under a settlement reached with Equifax following Indiana's lawsuit against the company over its massive 2017 data breach. Indiana was one of two states that opted not to participate in a multistate settlement in July 2019, choosing instead to file its own lawsuit and ultimately negotiate its own settlement. General Hill also [obtained](#) \$100,000 total in restitution from four Indianapolis-based used-car dealerships. Circle City Auto Exchange, Inc., Circle City Auto Connection Inc., Circle City Sales & Service Inc., and Empire Auto Group Limited, who were accused of selling more than 200 used motor vehicles without obtaining the proper title brands required after the dealerships purchased the vehicles at salvage auctions after major accidents.

**Iowa Attorney General Tom Miller** has [sued](#) Michael Evan Noteboom of Orange City, Iowa for alleged price gouging, accusing him of charging excessive prices on more than 250 items on eBay, including toilet paper, paper towels and disinfecting and sanitizing products. [The lawsuit](#) seeks a temporary and permanent injunction to



stop Noteboom from selling household merchandise on any platform as well as consumer restitution or disgorgement and civil penalties.

**Maryland Attorney General Brian Frosh** issued a [consumer alert](#) with tips to avoid coronavirus stimulus payment scams.

**Massachusetts Attorney General Maura Healy** [announced](#) that Equifax has agreed to pay \$18.2 million and undertake significant injunctive relief following a massive data breach in 2017 that compromised the personal information of nearly three million Massachusetts residents. The [consent judgment](#) resolves the AG's [2017 lawsuit](#) alleging that Equifax failed to patch a known vulnerability in its network, allowing hackers to infiltrate its systems and access the sensitive personal information of least 147 million consumers nationwide.

**Michigan Attorney General Dana Nessel** issued a consumer [warning](#) about video conferencing hijacking and threats to cybersecurity as consumers are increasing usage of video-teleconferencing due to the COVID-19 outbreak.

**Minnesota Attorney General Keith Ellison** [announced](#) that his office has settled an investigation into potential price gouging conduct by Howard Lake-based egg producer Forsman Farms. Under the terms of an [Assurance of Discontinuance](#) filed with the Ramsey County District Court, Forsman Farms agrees to limit its prices to no more than 20 percent over pre-emergency prices, and to abide by existing contracts if they dictate a price lower than this ceiling.

**Nebraska Attorney General Doug Peterson** [warned](#) the public about unsubstantiated claims in COVID-19 testing, specifically, that those offering antibody (or serological) tests for COVID-19 are overstating the efficacy of the tests. Peterson also announced that his office is sending warning letters to healthcare providers and other businesses making deceptive or scientifically unsupported claims about their ability to test for the disease. General Peterson also [alerted](#) creditors, debt collectors, and financial institutions that Nebraska law may exempt CARES Act stimulus checks from attachment, garnishment or execution for certain low-income consumers.

**Nevada Attorney General Aaron Ford** and U.S. Attorney Nicholas A. Trutanich [announced](#) the formation of the Nevada COVID-19 Task Force. The Task Force includes local, state and federal investigators and prosecutors with significant experience in handling complaints and cases related to general fraud, health care fraud, Medicaid fraud, insurance fraud, workers' compensation fraud and cybercrime, among others. General Ford also [warned](#) Nevadans to be on the lookout for fake job opportunities advertised online or on flyers as fraudsters take advantage of more people searching for work.

**New Jersey Attorney General Gurbir S. Grewal** [announced](#) that the New Jersey Division of Consumer Affairs has issued approximately 514 cease-and-desist letters and 89 subpoenas. The documents were sent to businesses reported by consumers to have engaged in price gouging or other consumer protection violations related to the COVID-19 pandemic.

**New York Attorney General Letitia James** [issued](#) official [guidance](#) to New York State banking institutions, creditors, and debt collectors, making clear that financial relief provided through stimulus payments are exempt from garnishment under New York law. General James also [ordered](#) Finest Herbalist, a company specializing in the sale of Cannabidiol, to immediately [cease and desist](#) the marketing of their product Pure Herbal Total Defense Immunity Blend as a means of curing or treating COVID-19.

**Ohio Attorney General Dave Yost** [announced](#) a [lawsuit](#) against an individual from northeast Ohio and his co-conspirators for hoarding N95 respirator masks and selling them online for nearly 18 times the retail price.

**Texas Attorney General Ken Paxton** [filed](#) a [lawsuit](#) against LeadGen Sales and Marketing for initiating deceptive robocalls that violate the Texas No Call Act, the Texas Deceptive Trade Practices Act, and fraudulently describes their purported health insurance for COVID-19 testing and treatment as "Trump Care health plans." General Paxton also filed a [lawsuit](#) against Cal-Maine Foods, Inc., alleging the dominant egg supplier in Texas has taken unfair advantage of the Governor's COVID-19 disaster declaration and raised the price of eggs by approximately 300 percent without any supply issues or significant disruptions. General Paxton also partnered with the FTC to [warn](#) Resurgence Medical Spa LLC that baselessly claiming that their vitamin C intravenous infusions can prevent and cure COVID-19 is a direct violation of the Texas Deceptive Trade Practices Act and federal consumer protection law.

**Utah Attorney General Sean Reyes** [offered](#) consumers tips for online meeting safety, urging the importance of digital security and privacy as Utahns telework, do schoolwork and engage with friends and family using online meeting software.

**Vermont Attorney General T.J. Donovan** [announced](#) a [lawsuit](#) and [motion for preliminary injunction](#) to stop a price gouging scheme involving surgical masks. The State of Vermont alleges Big Brother Security Programs, whose primary business is to own and operate public and private transportation, and its owner Shelley Palmer of Williston, Vermont, imported surgical masks that cost 10 cents each and re-sold them to Central Vermont Medical Center for \$2.50 each, for at least a 500 percent mark-up.

**Washington Attorney General Bob Ferguson** filed a [lawsuit](#) against JRK Residential Group Inc. for violating the Governor's Emergency "Evictions" Proclamation which establishes a temporary moratorium on evictions for the inability to pay rent. The proclamation specifically prohibits landlords from issuing Notices to "Pay or Vacate" during the proclamation's effective period.

The U.S. Supreme Court denied a petition for writ of certiorari from a student who had sued the U.S. Department of Education for violations of the Fair Credit Reporting Act, letting stand a [4th Circuit decision](#) that federal sovereign immunity shielded the department from liability related to the petitioner's allegations of unfair treatment regarding an allegedly fraudulent student loan in the student's name.

The [American Bar Association](#) has [published](#) a model "Standstill Tolling Agreement" for businesses affected by the pandemic to negotiate issues including defaults in performance and payments with the stated goal to provide a balanced "freeze" until the economic situation stabilizes. Per the authors: "In substance, the model agreement identifies 'standstill issues' and stipulates a 'standstill period' during which the party owed the salient performance agrees not to seek certain remedies, and the party owing the salient performance agrees that it will not undertake a range of non-ordinary course acts that may ultimately harm the other party. It contemplates that certain obligations, e.g., for partial payments or provision of some goods or services, may continue during the standstill period. It provides suggested remedies in the event that either party breaches."

The U.S. District Court for the District of Colorado [held](#) that Dish Network was not entitled to insurance coverage to defend or indemnify it in the Do Not Call enforcement action filed by the United States, California, Illinois, North Carolina and Ohio in federal court in which the governments were awarded \$280 million in penalties.

The U.S. District Court for the District of Maryland held in a [Memorandum Opinion](#) that a putative class of small business owners were not entitled to a Temporary Restraining Order against Bank of America for alleged violations of the CARES Act. The Court held that the Act did not provide a private right of action and that Bank of America's eligibility requirements did not run afoul of the Act.

## Charities

**Kentucky Attorney General Daniel Cameron** [warned](#) Kentuckians of new charity and Medicaid scams related to COVID-19 and shared best practices to avoid the financial loss associated with these scams.

**Missouri Attorney General Eric Schmitt** issued a [consumer alert](#) urging Missourians to exercise caution before donating to charities aiding in coronavirus outreach.

**Ohio Attorney General Dave Yost** [filed](#) a [lawsuit](#) against a charity and its founder for alleged misuse of charitable funds. Making Healthy Relationships (MHR) worked to provide health education in schools in Franklin County. According to the complaint, evidence uncovered during an investigation by the Ohio Attorney General's Charitable Law Section suggests that Smith misused or misappropriated MHR's charitable funds and assets. From 2012 to 2017, Smith allegedly spent \$135,254 in charitable funds for the benefit of himself and his wife.

**Wisconsin Attorney General Josh Kaul** and Department of Financial Institutions Secretary Kathy Blumenfeld issued an [announcement](#) encouraging consumers to exercise caution when donating to a charity and to report suspected charity scams.

## Legislation

**District of Columbia** Attorney General Karl A. Racine [announced](#) that the Office of the Attorney General (OAG) will begin enforcing an additional slate of emergency protections for District residents in the "[COVID-19 Response](#)

[Supplemental Emergency and Temporary Amendment Act of 2020](#)," passed unanimously by the Council of the District of Columbia. The bill authorizes OAG to enforce prohibitions on utility disconnections and new consumer protections around debt collection and funeral services, and to obtain maximum penalties and relief for each discriminatory action that violates the District's Human Rights Act. The bill also allows the creation of electronic wills and grants non-violent, low-level arrestees more time to report to a police station during the public health crisis.

## Veterans and Military News

Led by **California Attorney General Xavier Becerra**, a coalition of 22 attorneys general submitted a letter [urging](#) the U.S. Department of Veterans Affairs (VA) to suspend benefits claims deadlines and debt collection activities during the COVID-19 pandemic. In the [letter](#), the coalition argues that the VA's continued enforcement of deadlines and collections is putting veterans in financial danger and increasing their risk of losing essential VA benefits that they rely on for basic necessities, such as food and housing.

## Upcoming Events

Due to the Coronavirus pandemic, NAAG has canceled the Consumer Protection Spring Conference in Raleigh that was supposed to take place this month. The meeting will not be rescheduled. NAAG's goal is to reschedule the conference in Raleigh for the Spring 2021 conference. We look forward to the NAAG Consumer Protection Fall Conference which is scheduled for October 26-28, 2020, in Washington, DC and have great hope that schedules will resume to normal by that time. Furthermore, all in-person NAGTRI trainings are cancelled through July 31.



**[Todd Leatherman](#)**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)

[Course Schedule](#)

[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)





**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**March 2020**



### Consumer Chief of the Month: Anne Infinger, Georgia

I have been a lawyer for thirty-nine years, the first twenty in the private sector and the last nineteen with the State of Georgia. After graduating from the University of South Carolina School of Law, I spent twenty years as a business litigator, the first three with a firm in Dallas, Texas and the next seventeen with a law firm in Atlanta. While I was in private practice, I represented a business that was being investigated by the Governor's Office of Consumer Protection, (which is now the Georgia Department of Law's Consumer Protection Division). During the course of that representation, I became familiar with the office and the Fair Business Practices Act. When I subsequently learned that the office had an opening, I applied for the position, first becoming General Counsel for the Agency and then Deputy Director. In July 2015, the agency was moved from the Governor's Office to its more natural place under the Attorney General.

[Read More](#) ➔

### Article of the Month The Future of Consumer Protection Is Online

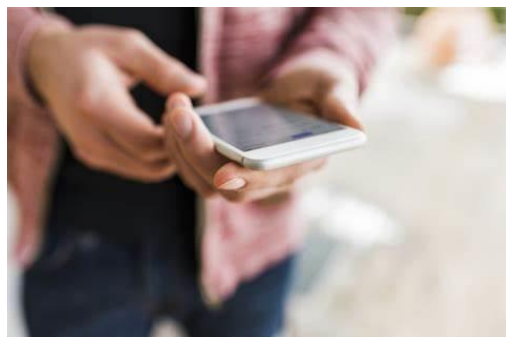
**By Chris Curtis and Ryan Kriger**

Many Vermonters still buy their produce at the local farmer's market or put a premium on "buying local" from friends and neighbors who live in their communities. Business deals involve a handshake and relationships can span generations. Vermont's Consumer Protection Act (CPA) is well suited to regulate these kinds of transactions. But in an era of rapid technological advancement where commerce has overwhelmingly moved online, our laws must keep pace. Now consumers seek the ease of shopping at home, comparing prices with the push of a button and expecting delivery to their doorstep. And with each online transaction, companies are learning about consumers. They amass troves of data, some of which reduce friction in the marketplace and help consumers, and some of which is packaged up and sold and re-sold in the data broker marketplace.



[Read More](#) ➔

**A note from the NAGTRI Center for Consumer Protection (CCP) to our readers:** NAAG and the CCP are working to provide information to our members and the public about what attorneys general are doing across the country related to coronavirus and consumer protection. [ConsumerResources.org](https://www.consumerresources.org), our public-facing consumer protection website, is being updated regularly with COVID-19-related information from attorneys general offices including enforcement actions, cease and desist letters, consumer alerts, and press releases. It also has links to state price gouging statutes. If you have information that you think would be useful for the public or the attorney general community, please send it to CCP Director, Abby Stempson, at [astempson@naag.org](mailto:astempson@naag.org) or Todd Leatherman,



## Scam Alert:

[Mandatory COVID-19 Test Texts Are A Scam](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The Consumer Financial Protection Bureau (Bureau) [filed](#) a lawsuit in federal district court in the Northern District of Illinois against Fifth Third Bank, N.A. (Fifth Third). The Bureau alleges that for several years Fifth Third, without consumers' knowledge or consent: opened deposit and credit-card accounts in consumers' names, transferred funds from consumers' existing accounts to new, improperly opened accounts, enrolled consumers in unauthorized online-banking services, and activated unauthorized lines of credit on consumers' accounts.
- The CFPB released several [resources](#) to help consumers take steps to protect their finances during the coronavirus pandemic, including how to avoid financial scams and submit complaints to the Bureau.
- The CFPB issued its [annual report](#) to Congress about enforcement activities related to the Fair Debt Collection Practices Act, which is enforced by the Bureau and the FTC. The report was issued following input from the staff of the FTC [summarizing](#) its enforcement activities.

## Federal Trade Commission:

- A group of affiliate marketers who lured consumers into a business coaching and investment scheme known as My Online Business Education (MOBE) will surrender millions of dollars in assets to [settle](#) FTC charges. According to complaints filed by the FTC, the defendants made millions of dollars in commissions by enticing thousands of consumers to pay as much as \$60,000 for MOBE "mentoring" services, using false claims and misleading testimonials about how much money they could make. The defendants advertised on social media, YouTube, online news sites, and at live events, specifically targeting teenagers, students, and older consumers. The named defendants in the FTC's case against the affiliate marketers are Michael Giannulis and Michael Williams, along with several corporate entities they control, as well as Stephen Bransfield, Gar Leong Chow, and Scott Zuckman and their companies.
- The FTC is mailing 4,976 refund checks and sending 44,136 PayPal payments totaling over \$2 million to consumers allegedly defrauded by American Immigration Center. [According to the FTC](#), starting in 2010, the company falsely implied that its websites were affiliated with the U.S. government to sell immigration form preparation services to consumers, many of whom were trying to reach the actual government site to renew their green cards or apply for naturalization. The FTC alleged that consumers often did not realize that they were not on a government website until they had already paid the defendants \$120 to \$300.
- Under a [settlement with the FTC](#), the marketers of an electrical nerve stimulation device called Quell have agreed to pay at least \$4 million and stop making deceptive claims that the device treats pain throughout the body when placed below the knee and is clinically proven and cleared by the Food and Drug Administration to do so. The FTC [announced](#) that the order settling the FTC's allegations bars the marketers of Quell from making such pain-relief claims unless they are true, not misleading, and supported by competent and reliable scientific evidence; prohibits misrepresentations about clinical proof or the scope of FDA clearance for any device; and requires them to pay redress.
- The FTC announced a public [workshop](#) in Washington, D.C. on May 13, 2020, seeking research, testimony, and other input on the proposed changes to the Safeguards Rule under the Gramm-Leach-Bliley Act. The Safeguards Rule requires financial institutions to develop, implement, and maintain a comprehensive information security program. The workshop will explore some of the issues raised in response to

amendments to the Rule proposed by the FTC. In 2019, the FTC issued a notice [seeking comments](#) to the Rule, and comments may be submitted on identified topics until June 12, 2020.

- Three defendants in a student loan debt relief scheme have been [banned](#) from telemarketing and selling debt relief and ordered to pay millions in resolution of FTC allegations that they deceived consumers by promising to reduce or eliminate consumers' student loan debt. The U.S. District Court for the Central District of California [found](#) that Brian Colombana, Impetus Enterprise, Inc., and Fig Tree & Co., LLC deceptively marketed student loan debt relief services to consumers and tricked them into paying illegal upfront fees by promising to reduce or eliminate their student loan debt and then failed to deliver the promised debt relief.
- Approximately \$153 million is being [mailed](#) to 109,000 consumers in the first distribution of refunds resulting from the law enforcement [actions](#) brought against Western Union by the FTC, the U.S. Department of Justice, and the U.S. Postal Inspection Service. The affected consumers are receiving compensation for 100 percent of their losses. The FTC's complaint alleged that Western Union failed to put in place effective anti-fraud policies and procedures and to act promptly against problem agents. The company's settlement with the FTC required Western Union to pay \$586 million in monetary relief. That money was paid to DOJ in connection with Western Union's joint settlement with that agency. DOJ's Money Laundering and Asset Recovery Section is administering the consumer refund program. This distribution is the first of multiple payments over the coming months to consumers who lost money due to Western Union's actions.
- The FTC and FDA have [sent](#) warning letters to seven companies allegedly selling unapproved products that may violate federal law by making deceptive or scientifically unsupported claims about their ability to treat COVID-19. The warning letters are the first issued by the agencies alleging unapproved and/or unsupported claims that products can treat or prevent COVID-19. The agencies sent the letters to the following companies: 1) [Colloidal Vitality LLC](#), 2) [Quinessence Aromatherapy Ltd.](#), 3) [Zephyr LLC dba N-Ergetics](#), 4) [GuruNanda, LLC](#), 5) [Vivify Holistic Clinic](#), 6) [Herbal Amy Inc.](#), and 7) [The Jim Bakker Show](#).
- The FTC is [sending](#) refunds totaling more than \$6.9 million to small businesses, non-profits, and government agencies targeted by an office supply telemarketing scam that charged them for products they did not order. The FTC alleged that Telestar Consulting Inc. and Karl Wesley Angel deceived childcare centers, schools, and police and fire departments. The FTC began mailing 13,181 refund checks averaging \$525 each to the victims of the scam. If recipients have questions about the refunds, they should contact the FTC's refund administrator, Rust Consulting, Inc., at 1-800-870-7192.
- FTC staff sent [letters to nine Voice over Internet Protocol \(VoIP\) service providers and other companies warning them](#) that "assisting and facilitating" illegal telemarketing or robocalls related to the COVID-19 pandemic is against the law. The letters were sent to VoIPMax, SipJoin Holding, Corp., iFly Communications, Third Rock Telecom, Bluetone Communications, LLC, VoIP Terminator, Inc., also known as BLMarketing, J2 Web Services, Inc., VoxBone US LLC, and Comet Media, Inc.

## Securities and Exchange Commission:

- The Securities and Exchange Commission announced charges against a Russian national, Denis Georgiyevich Sotnikov and entities he controlled, for allegedly participating in a fraudulent scheme to lure U.S. investors into buying fictitious Certificates of Deposit (CDs) promoted through internet advertising and "spoofed" websites that mimic the actual sites of legitimate financial institutions. According to the SEC's [complaint](#), the scheme involved internet ads that targeted investors who were searching for CDs with high rates. The ads allegedly included links to phony websites, which falsely claimed that the firms offering the CDs were members of FINRA and the FDIC, and that deposits were FDIC-insured.

## In other federal news:

- The Department of Justice [announced](#) its first action in federal court to combat fraud related to the COVID-19 pandemic. The enforcement action filed in Austin against operators of a fraudulent website "coronavirusmedialkit.com" alleges the defendants are engaging in a wire fraud scheme seeking to profit from the confusion and widespread fear surrounding COVID-19. Information published on the website claimed to offer consumers access to World Health Organization (WHO) vaccine kits in exchange for a shipping charge of \$4.95, which consumers would pay by entering their credit card information on the website. In fact, there are currently no legitimate COVID-19 vaccines and the WHO is not distributing any such vaccine. In response to the department's request, U.S. District Judge Robert Pitman issued a temporary restraining order requiring that the registrar of the fraudulent website immediately take action to block public access to it.
- The Department of Justice has [charged](#) a New York resident with knowingly providing lists of potential victims to fraudulent mass-mailing schemes that tricked consumers into paying fees for falsely promised cash prizes and purportedly personalized "psychic" services. The indictment charged Norman Newman, 73, of Croton-on-Hudson, New York, with conspiracy to commit mail and wire fraud and multiple counts of wire



fraud. The indictment alleges that Newman provided list-brokerage services for more than 11 years to individual fraudster clients, knowing that the clients were mailing hundreds of thousands of deceptive prize notifications that misled victims into believing that they would receive a cash prize or personalized services upon payment of a fee. Many of the victims were elderly and vulnerable.

- Five federal financial regulatory agencies, the Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency issued a [joint statement](#) encouraging banks, savings associations, and credit unions to offer responsible small-dollar loans to consumers and small businesses in response to COVID-19.
- Attorney General William P. Barr, FBI Director Christopher A. Wray, and Chief Postal Inspector Gary R. Barksdale [announced](#) the largest coordinated sweep of elder fraud cases in history. This year, prosecutors charged more than 400 defendants, far surpassing the 260 defendants charged in cases as part of last year's sweep. In each case, offenders allegedly engaged in financial schemes that targeted or largely affected seniors. In total, the charged elder fraud schemes caused alleged losses of over a billion dollars. [This interactive map](#) provides state by state information on the elder fraud cases and education and prevention community outreach efforts highlighted by the sweep announcement.
- The Federal Communications Commission [proposed](#) fines against the nation's four largest wireless carriers for apparently selling access to their customers' location information without taking reasonable measures to protect against unauthorized access to that information. As a result, T-Mobile faces a proposed fine of more than \$91 million; AT&T faces a proposed fine of more than \$57 million; Verizon faces a proposed fine of more than \$48 million; and Sprint faces a proposed fine of more than \$12 million. The FCC also admonished these carriers for apparently disclosing their customers' location information, without their authorization, to a third party.
- The U.S. Food and Drug Administration (FDA) [issued](#) 22 warning letters to online and brick-and-mortar e-cigarette product retailers and manufacturers across the country who sell flavored, cartridge-based electronic nicotine delivery system products advising them that selling these products, which lack marketing authorization, is illegal. The warning letters were sent to some establishments with well-known names such as 7-Eleven and Shell and are the first of what will be a series of ongoing actions consistent with the FDA's [recently issued policy of enforcement priorities](#) for e-cigarettes and other deemed tobacco products on the market.
- The FDA provided an [update](#) on its comprehensive evaluation of cannabidiol (CBD) products, including several new steps in the areas of education, research and a risk-based enforcement policy.
- U.S. Customs and Border Protection officers assigned to Los Angeles International Airport, International Mail Facility, [intercepted](#) a package containing suspected counterfeit COVID-19 test kits arriving from the United Kingdom.
- The U.S. Department of Education [announced](#) that all borrowers with federally held student loans will automatically have their interest rates set to 0% for a period of at least 60 days. In addition, each of these borrowers will have the option to suspend their payments for at least two months to allow them greater flexibility during the national emergency. The relief will also allow borrowers to temporarily stop their payments without worrying about accruing interest.
- The FTC and U.S. Department of Justice Antitrust Division issued a [joint statement](#) detailing an expedited antitrust procedure and providing guidance for collaborations of businesses working to protect the health and safety of Americans during the COVID-19 pandemic. The expedited procedure notes, for example, that health care facilities may need to work together in providing resources and services to assist patients, consumers, and communities affected by the pandemic and its aftermath. Other businesses may need to temporarily combine production, distribution, or service networks to facilitate production and distribution of COVID-19-related supplies, according to the statement.
- The Federal Communications Commission [announced](#) the adoption of an [order](#) requiring originating and terminating voice service providers to implement the STIR/SHAKEN caller ID authentication framework in the IP portions of their networks, and proposing additional measures.

## Attorney General Consumer Protection News and Other Items of Interest

*Editor's Note: Attorneys General from across the country have issued numerous consumer alerts and guidance for avoiding COVID-19-related scams. Attorneys General have also issued cease and desist letters and engaged with private industry urging action to halt price gouging on important consumer goods and safety equipment. Space does not permit inclusion of a summary of each such release in the Consumer Protection Monthly, however a representative sample of such releases is provided in the news items below. Each such release is available on [consumerresources.org](https://www.consumerresources.org), which is maintained by the NAGTRI Center for Consumer Protection.*



Led by Pennsylvania Attorney General Josh Shapiro, Connecticut Attorney General William Tong, New Mexico Attorney General Hector Balderas, and Vermont Attorney General Thomas J. Donovan, Jr., a bipartisan group of 33 attorneys general sent [letters](#) to major online retailers Amazon, Craigslist, eBay, Facebook and Walmart urging their help to fight price gouging.

Led by New York Attorney General Letitia James and Pennsylvania Attorney General Josh Shapiro, 27 attorneys general sent a [letter](#) to the U.S. Department of Education urging it to immediately implement emergency measures to protect federal student loan borrowers in the wake of the COVID-19 crisis.

Led by California Attorney General Xavier Becerra, 46 attorneys general [filed](#) an amicus [brief](#) in the United States Supreme Court supporting states' rights to regulate and address the rising cost of prescription drugs. In the amicus brief filed in *Rutledge v. Pharmaceutical Care Management Association*, the attorneys general argue that in order to protect the well-being of consumers, states must regulate pharmacy benefit managers, also known as PBMs. The brief supports the state of Arkansas' position that federal law does not prevent states from regulating PBMs. The brief argues that regulation of the prescription drug market, including PBMs, is a critical tool for states to protect residents and address the access and affordability of prescription drugs.

Led by North Carolina Attorney General Josh Stein and Indiana Attorney General Curtis Hill, a bipartisan group of 33 attorneys general [filed](#) an amicus brief in support of the United States in *Barr v. AAPC*, a case that challenges the constitutionality of the federal ban on robocalls, a part of the Telephone Consumer Protection Act. A decision in the Fourth Circuit U.S. Court of Appeals recently invalidated a portion of the Act, potentially jeopardizing the entire federal robocall ban. The [brief](#) highlights the strong interest attorneys general have in protecting their citizens from robocalls, which invade personal privacy and are used to perpetuate scams and fraud. The brief further explains that striking down the federal robocall ban would threaten the constitutionality of at least 42 similar state laws.

Alabama Attorney General Steve Marshall announced partnerships with [Amazon](#) and [Facebook](#) to combat price gouging during pandemic.

Arizona Attorney General Mark Brnovich [announced](#) that his office has secured a nearly \$11 million consent judgment with CenturyLink to resolve allegations that the company engaged in deceptive and unfair advertising and billing practices by, among other things, failing to disclose fees and ultimately charging Arizona consumers more than the prices it promised in advertisements and sales pitches. The consent judgment is subject to court approval.

Attorney General Brnovich also [announced](#) the filing of a consumer fraud lawsuit against Valley Delivery, LLC, Next Day Delivery, LLC, and their owner, Matthew Wiles, for allegedly deceiving Arizonans by leaving fake "missed delivery" slips on consumers' doors in order to obtain their personal information. When consumers called the company, Valley Delivery allegedly collected their personal information, matched the callers' phone number to their home addresses, and then sold it to third party companies who promptly inundated the consumers with telemarketing calls.

Colorado Attorney General Phil Weiser [applauded](#) event organizers, airlines, hotels, and other businesses that have displayed good corporate citizenship by refunding consumers or issuing credit for cancellations related to the COVID-19 pandemic. General Weiser urged all such businesses to likewise honor cancellations and offer refunds or credit.

Attorney General William Tong [warned](#) consumers about scammers who may try to capitalize on fears of the COVID-19 pandemic by marketing and selling fake at-home testing kits for COVID-19.

District of Columbia Attorney General Karl Racine announced new emergency protections in response to the COVID-19 pandemic. Among other protections, the [COVID-19 Response Act](#) prohibits evictions and utility shut-offs, prohibits landlords from charging late fees, outlaws stockpiling of essential goods, and increases price gouging penalties to \$5,000 per violation.

District of Columbia Attorney General Racine also [issued](#) cease and desist letters to online sellers and district stores to cease price gouging on household cleaners, hand sanitizer, latex gloves and other products in the wake of the COVID-19 pandemic.

Florida Attorney General Ashley Moody [issued](#) more than 40 subpoenas to third-party sellers in Florida accused of price gouging on essential commodities through accounts on Amazon. The subpoenas come as Attorney General Moody's Consumer Protection Division continues to review allegations of unlawful price increases on essential commodities during the COVID-19 state of emergency. Allegations against the third-party vendors include excessive price increases on commodities such as face masks, hand sanitizers and disinfectants of up to 1,662 percent.

Georgia Attorney General Chris Carr is [imploring](#) Georgia businesses and consumers to refrain from hoarding masks and other personal protective equipment that are urgently needed in hospitals.

Illinois Attorney General Kwame Raoul announced a 7th Circuit Court of Appeals [decision](#) upholding a district court judgment and injunction against Dish Network (Dish) over illegal calls made to people on the Do Not Call Registry. The decision affirms the district court findings that Dish is responsible for the illegal calls placed by its retailers because they were Dish's agents. The court also rejected Dish's arguments that the penalties for such conduct were excessive under the Constitution. The court remanded questions about the calculation of penalties and damages back to the trial court. The litigation was filed by the United States, California, Illinois, North Carolina, and Ohio.

Kentucky Attorney General Daniel Cameron [issued](#) subpoenas to six third-party sellers in Kentucky who used Amazon's online platform to engage in suspected price gouging during the COVID-19 pandemic. The sellers allegedly engaged in price gouging on essential emergency and medical supplies, including hand sanitizer and N95 respirator masks. Some sellers allegedly inflated the price of these items by as much as 1,951 percent when marketing to consumers.

Massachusetts Attorney General Maura Healey [announced](#) a consent judgment with the used car dealership JD Byrider. The dealership agreed to cancel debts, pay \$1.5 million to reduce car loan payments and provide restitution to thousands of consumers, and significantly change its practices. The settlement resolves [allegations](#) that the dealership took advantage of consumers and violated the Massachusetts consumer protection law by routinely using aggressive and misleading advertising and sales techniques to sell consumers cars it should have known the consumers could not afford, putting the consumers at high risk of default and repossession.

Massachusetts Attorney General Healey also [announced](#) emergency regulations to [prohibit price gouging](#) of essential products like hand sanitizer, face masks, and gloves and an [emergency regulation](#) designed to protect consumers from unfair and deceptive debt collection practices during the COVID-19 crisis.

Michigan Attorney General Dana Nessel issued a cease and desist letter to [Frequency Apps Corp. and Biores Technologies, Inc.](#) regarding their marketing of a "Coronavirus Defender" patch claiming, falsely, to offer protection from COVID-19. Another cease and desist letter was issued to [DiaMedical Equipment USA, Inc.](#) after the office received a consumer complaint that the company was attempting to sell 10-packs of face masks through its website for nearly \$100 each. Similar model masks are sold at between \$1.50 to \$2.40 per mask.

Minnesota Attorney General Keith Ellison entered into an [Assurance of Discontinuance](#) with Dragon Door Publications, Inc. (Dragon Door), a Minnesota-based online retailer of exercise and weight-lifting equipment. Prior to the COVID-19 crisis, Dragon Door had not sold N95 masks in the course of its usual business but began selling them after the start of the COVID-19 crisis for \$5 each, plus shipping. It also offered to donate N95 masks with the sale of an exercise fitness program, which retails for \$499. Under an [Executive Order](#) issued by Minnesota's Governor, N95 face masks are classified as personal protective equipment (PPE) that non-hospital entities must refrain from using for any purpose "other than for use in delivering critical health care services or essential services requiring such equipment." The order also directs Minnesota entities to donate their PPE for use by critical health care workers.

Missouri Attorney General Eric Schmitt [announced](#) that his office has filed a lawsuit against Jim Bakker and Morningside Church Productions, Inc. for misrepresentations about the effectiveness of "Silver Solution" as a treatment for COVID-19. The lawsuit alleges that in a February 12, 2020, Jim Bakker Show production that aired nationwide, Bakker and guest Sherill Sellman, a "naturopathic doctor," claimed that "Silver Solution" can cure COVID-19. The broadcast and representations made on Bakker's website led the U.S. Food and Drug Administration and the New York Attorney General's Office to issue cease and desist letters to the Jim Bakker Show directing Bakker to cease making claims about the product that are not supported by competent and reliable scientific evidence. The letter from the FDA also advises that currently, there are no vaccines, pills, potions or other prescription or over-the-counter products to treat or cure coronavirus disease.

Missouri Attorney General Eric Schmitt also [issued](#) a cease and desist letter to a Springfield area man who was confirmed, after investigation, to be selling N95 masks at inflated prices.

New York Attorney General Letitia James announced cease and desist letters to multiple companies allegedly selling fake COVID-19 treatments including [Wayne Allyn Root](#), [Alex Jones](#), [James Bakker](#), [The Sliver Edge](#), and [Dr. Sherrill Sellman](#).

New York Attorney General Letitia James [announced](#) that the trial against multiple opioid manufacturers and distributors set to begin on March 20, 2020, will be delayed due to the ongoing risk posed by COVID-19. The judge

who will oversee the trial scheduled a conference on April 14, 2020, to determine next steps and set a more concrete schedule for trial.

North Carolina Attorney General Josh Stein [announced](#) that he is working with Amazon to investigate nine North Carolina businesses and sellers over price gouging concerns. Attorney General Stein was notified by Amazon that these sellers had raised prices dramatically for items that have been in high demand during the COVID-19 pandemic, including hand sanitizer and N95 masks.

Ohio Attorney General Dave Yost [launched](#) the creation of a Robo Call Enforcement Unit and new tool that lets consumers report malicious robocalls to his office. The new unit, part of Yost's Consumer Protection Section, is dedicated to rooting out bad actors at every level of the robocall industry.

Oklahoma Attorney General Mike Hunter issued a [consumer alert](#) after receiving reports of individuals attempting to sell at-home tests for COVID-19.

Texas Attorney General Ken Paxton [filed](#) a lawsuit to stop Auctions Unlimited LLC from price gouging Texans for necessary, health-related supplies. According to Paxton's [petition](#), following the Texas Governor's disaster declaration, Auctions Unlimited listed an auction on its website for "over 750,000 face masks," and that listing included N95 particulate respirators, hand soap, all-purpose cleaner, and disinfectant wipes. On March 24, bidding on N95 respirator masks pushed listings as high as \$180 for a package of just 16 masks. Auctions Unlimited owner Tim Worstell admitted to receiving warnings from both local police and the Texas Attorney General; however, he moved forward with the exorbitantly priced auctions.

Vermont Attorney General Thomas J. Donovan, Jr. [filed](#) a lawsuit against Clearview AI, a data broker that uses facial recognition technology to map the faces of Vermonters, including children, and sells access to this data to private businesses, individuals, and law enforcement. The complaint alleges violations of the Vermont Consumer Protection Act and the new Data Broker Law. Along with the complaint, the State filed a motion for preliminary injunction, asking the court to order Clearview AI to immediately stop collecting or storing Vermonters' photos and facial recognition data. *Editor's Note: For more about this case, see this month's Article of the Month.*

## Charities

California Attorney General Xavier Becerra issued a [consumer alert](#) to warn Californians about fraudulent charities during the ongoing COVID-19 public health emergency.

Iowa Attorney General Tom Miller [announced](#) that Iowans who operated an alleged "puppy laundering" ring have agreed to a [Consent Judgment](#) and to dissolve their "pet rescue" nonprofits, permanently cease deceptive operations, pay the state \$60,000, and submit to other restrictions as part of a settlement. Miller's office alleged that the defendants had worked together to illegally transfer hundreds of designer puppies through sham Iowa non-profit "rescues" to out-of-state pet shops. The lawsuit accused the defendants of misleading consumers about the true source of the puppies.

Connecticut Attorney General William Tong [issued](#) consumer [guidance](#) for avoiding charity scams during the COVID-19 pandemic.

New Hampshire Attorney General Gordon J. MacDonald [urges](#) people in New Hampshire to be on the alert for charitable giving and consumer product scams related to the COVID-19 outbreak.

## Legislation

D.C. Attorney General Karl A. Racine issued a [statement](#) noting passage of the Security Breach Protection Amendment Act of 2019. Last March, the Office of the Attorney General [introduced the legislation](#) to modernize the District's existing data breach law and strengthen protections for residents' personal information. The Council passed the bill unanimously.

## Veterans and Military News

Nevada Attorney General Aaron D. Ford [released](#) information for members of the military, veterans and their families regarding free legal assistance through his [Office of Military Legal Assistance](#). The program pairs military service members in need of legal assistance with pro bono private legal counsel for civil matters.

Washington Attorney General Bob Ferguson [launched](#) a campaign to raise awareness of National Guard members' legal rights if mobilized to assist in Covid-19 pandemic.

## Upcoming Events

Due to the Coronavirus pandemic, NAAG has decided to cancel the Consumer Protection Spring Conference in Raleigh. The meeting will not be rescheduled. NAAG's goal is to reschedule the conference in Raleigh for the Spring 2021 conference. We look forward to the NAAG Consumer Protection Fall Conference which is scheduled for October 26-28, 2020, in Washington, DC and have great hope that schedules will resume to normal by that time. In addition, the AG Symposium scheduled for April 20-22 in Denver has been cancelled and will not be rescheduled. Furthermore, all in-person NAGTRI trainings are cancelled through May 31. This includes the USPTO NAGTRI Regional Training scheduled in Denver for April 23-24.



[Todd Leatherman](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)





## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

**February 2020**

March 1 - 7, 2020

## National Consumer Protection Week



March 1-7 is National Consumer Protection Week and in recognition, the NAGTRI Center for Consumer Protection is highlighting the top consumer complaints and scams for 2019 as reported by many attorneys general on our website, [ConsumerResources.org](https://www.consumerresources.org). The Center is also sharing advice from NAAG's Consumer Protection Committee Co-Chairs, North Carolina Attorney General Josh Stein and Tennessee Attorney General Herbert H. Slatery III. ConsumerResources.org provides consumers important information about their consumer rights, how to avoid being scammed, and how to file a complaint with their attorney general. Visit our website to learn more!

### Consumer Chief of the Month: Mark Mattioli, Montana

I tell people I'm one part lawyer and two parts fly fisherman: My daughter Madison prosecutes for the Montana Attorney General's Office and my sons Max and Marcus are employed in the fly-fishing industry. Apparently, I taught them what I love too well. A proud native of Montana, I was born and raised in Butte, Montana, a blue-collar mining town with a rich history and a community bond and spirit that, if it were replicated nationwide, would be medicine for our ills. Growing up in Butte, I had two heroes who I knew had been lawyers, one from history, Abraham Lincoln, and another who was then living: Robert F. Kennedy. Thus, from a young age, I wanted to be a lawyer.

[Read More](#) ➔



## Article of the Month

### Timeshare Obligations, Regulations, and Challenges

**Matthew du Mee, Unit Chief, Consumer Litigation Unit, Arizona Attorney General's Office**

**Grace Ordonez, Pre-Law Legal Assistant, Consumer Litigation Unit, Arizona Attorney General's Office**

The timeshare industry comprises a significant segment of the hospitality sector. Buyers beware! According to the American Resort Development Association (ARDA), the \$9.6 billion U.S. timeshare industry boasts over 1,570 resorts and 205,100 units. About nine million households in the U.S. own timeshares, and sales increased approximately 25% between 2010 and 2016. Given this volume of sales and the substantial expense of timeshares, any deficiencies in consumer protection in this area will have a massive impact on consumers nationwide. Unfortunately, the current landscape of the timeshare industry has exposed significant inadequacies in protection for those seeking to purchase, lease, or exit their timeshare contracts.

[Read More](#) ➔



### Scam Alert:

[Beware Coronavirus Scams](#)

## Federal Consumer Protection News

### Consumer Financial Protection Bureau:

- The CFPB (Bureau) [announced](#) a proposed settlement with Think Finance, LLC, formerly known as Think Finance, Inc., and six subsidiaries to resolve the Bureau's lawsuit alleging that the defendants engaged in unfair, deceptive, and abusive acts and practices in violation of the Consumer Financial Protection Act (CFPA) in connection with the illegal collection of loans that were void in whole or in part under 17 states' laws governing interest rate caps, the licensing of lenders, or both. The [proposed stipulated final consent order](#), among other things, would prohibit the Think Finance Entities from offering or collecting on loans to consumers or assisting others in engaging in that conduct in any of the 17 states if the loan violates state lending laws. The proposed order would also impose a \$1 civil money penalty for each of the seven Think Finance entities. The Bureau's proposed consent order is a component of the global resolution of the Think Finance entities' bankruptcy proceeding in the Bankruptcy Court for the Northern District of Texas, which includes settlements with the Pennsylvania Attorney General's Office and private litigants in a nationwide consumer class action. Consumer redress will be disbursed from a fund created as part of the global resolution, which is anticipated to have

over \$39 million for distribution to consumers and may increase over time as a result of ongoing, related litigation and settlements.

- The CFPB [filed](#) suit against Citizens Bank, N.A. (Citizens), a national banking association headquartered in Providence, Rhode Island. The Bureau's [complaint](#) alleges violations of the Truth in Lending Act (TILA) and TILA's implementing Regulation Z, including violations of amendments to TILA contained in the Fair Credit Billing Act (FCBA) and the Credit Card Accountability Responsibility and Disclosure Act (CARD Act). The Bureau alleges that Citizens violated TILA, as amended by the FCBA, and Regulation Z by failing to properly manage and respond to credit card disputes, including by automatically denying consumers' billing error notices and claims of unauthorized use in certain circumstances. The complaint further alleges that Citizens failed to fully refund finance charges and fees when consumers asserted meritorious disputes or fraud claims and failed to send consumers required acknowledgement letters and denial notices in response to billing error notices.
- The CFPB and the U.S. Department of Education [announced](#) a new coordination agreement regarding student loans. Under the newly signed Memorandum of Understanding, the agencies will share complaint information from borrowers and meet quarterly to discuss observations about the nature of complaints received, characteristics of borrowers, and available information about resolution of complaints.
- The CFPB [issued](#) a Supplemental Notice of Proposed Rulemaking (Supplemental NPRM) regarding the collection of time-barred debt. The Bureau proposes to prohibit collectors from using non-litigation means (such as calls) to collect on time-barred debt unless collectors disclose to consumers during the initial contact and on any required validation notice that the debt is time-barred. The [Supplemental NPRM](#) proposes model language and forms that debt collectors could use to comply with the proposed disclosure requirements. Comments are due 60 days after publication of the NPRM in the Federal Register.

## Federal Trade Commission:

- The Federal Trade Commission (FTC) is sending refund checks totaling more than \$34 million to consumers who allegedly were tricked by Office Depot, Inc. and a software provider into buying computer repair products and services. Office Depot paid \$25 million while its software supplier, Support.com, Inc., paid \$10 million as part of [2019 settlements with the FTC](#). The FTC alleged that Office Depot and Support.com configured a virus scanning program to report that it found symptoms of malware or infections, even when that was not true, whenever consumers answered yes to at least one of four "diagnostic" questions. The false scan results were then used to persuade consumers to purchase computer repair and technical services that could cost hundreds of dollars. The FTC is sending out 541,247 checks averaging \$63.35 per check.
- The FTC is [seeking](#) public comment on whether to make changes to its Funeral Rule as part of the agency's [systematic review of all current FTC rules and guides](#). The Funeral Rule, enacted in 1982, protects consumers from unfair and deceptive practices in the sale of funeral products and services.
- The FTC [settled](#) with sellers of ReJuvenation. The FTC [charged](#) the sellers with making deceptive claims that their product is a virtual cure-all for age-related ailments, including cell damage, heart attack damage, brain damage, blindness, deafness, and even aging itself. Along with prohibitions on making claims not supported by scientific evidence, the settlement also requires payment of \$660,000, which the Commission may use to provide refunds to defrauded consumers.
- A court has [granted](#) the FTC's motion for temporary restraining order (TRO) to preliminarily halt a scheme involving hundreds of websites that promised a quick and easy government service, such as renewing a driver's license, or eligibility determinations for public benefits. The FTC's [complaint](#) alleges that defendant Burton Katz was the "mastermind" behind the corporations operating the websites. The FTC's TRO motion alleges that consumers provided their information because they believed the websites would actually provide the government services. Instead, consumers received only a PDF containing publicly available, general information about the service they sought.
- The FTC [settled](#) with the operators of a website that compares student loans and other financial products to resolve allegations that they misled consumers to believe their website provided objective product information, when in fact they offered higher rankings and ratings to companies that paid for placement. In an [administrative complaint](#) against Delaware-based LendEDU and its operators Nathaniel Matherson, Matthew Lenhard, and Alexander Coleman, the FTC also alleged the company touted fake positive reviews of its LendEDU.com website.
- In related news, the FTC [announced](#) that it will be seeking public comment on whether to make changes to its [Endorsement Guides](#).

## In other federal news:

- The [Securities and Exchange Commission](#) (SEC) and Commodity Futures Trading Commission filed charges against an Ohio-based businessman who allegedly orchestrated a digital asset scheme that defrauded approximately 150 investors, including many physicians. The agencies alleged that Michael W. Ackerman, along with two business partners, raised at least \$33 million by claiming to investors that he had developed a proprietary algorithm that allowed him to generate extraordinary profits while trading in cryptocurrencies.



- Wells Fargo & Company and its subsidiary, Wells Fargo Bank, N.A., have agreed to pay \$3 billion to resolve their potential criminal and civil liability stemming from a practice between 2002 and 2016 of pressuring employees to meet unrealistic sales goals that led thousands of employees to provide millions of accounts or products to customers under false pretenses or without consent, often by creating false records or misusing customers' identities, the U.S. Department of Justice (DOJ) [announced](#). As part of the agreements with the DOJ and the SEC, Wells Fargo admitted that it collected millions of dollars in fees and interest to which the company was not entitled, harmed the credit ratings of certain customers, and unlawfully misused customers' sensitive personal information, including customers' means of identification. The \$3 billion payment resolves all matters and includes a \$500 million civil penalty to be distributed by the SEC to investors.
- A federal grand jury in Atlanta returned an indictment [charging](#) four members of the Chinese People's Liberation Army with fraud for hacking into the computer systems of the credit reporting agency Equifax and stealing Americans' personal data and Equifax's valuable trade secrets. The indictment alleges that the defendants engaged in a three-month long campaign to steal sensitive personal information of nearly 150 million Americans.
- The Federal Communications Commission (FCC) [called](#) on phone companies that allow international robocalls into U.S. networks to fully participate in efforts to trace back those calls. FCC Enforcement Bureau Chief Rosemary Harold sent [letters](#) to seven gateway service providers asking for their support in tracking down the originators of illegal spoofed foreign robocalls. Letters were sent to All Access, Globex, Piratel, Talkie, Telcast, ThinQ, and Third Base.
- President Trump signed [Executive Order 13859 announcing](#) the American AI Initiative, the United States' national strategy on artificial intelligence.
- The D.C. Circuit Court of Appeals, *en banc*, declined to reconsider an [October ruling](#) in *Mozilla v. FCC* that largely upheld the repeal of landmark net neutrality rules, rejecting requests by 15 U.S. states, and tech and advocacy groups. The FCC in December 2017 reversed Obama-era rules prohibiting internet service providers from blocking or throttling traffic or offering paid fast lanes. In orders issued, the full U.S. Court of Appeals for the District of Columbia declined without comment to rehear the decision, as did the three-judge panel that issued the ruling in October. The FCC is [reopening](#) the record to receive additional public comment in *Restoring Internet Freedom* Order proceedings in light of the D.C. Circuit's *Mozilla* decision.
- The Commodities Futures Trading Commission [announced](#) that following a bench trial, the U.S. District Court for the Middle District of Alabama entered a final judgment against defendants Husam Tayeh of Illinois and his companies, Dinar Corp., Inc., and My Monex, Inc., both Nevada corporations. The court's ruling orders the defendants to pay more than \$22.6 million in disgorgement and civil monetary penalties in connection with Tayeh's fraudulent foreign currency (forex) scheme. The court previously found the defendants liable for violations of the Commodity Exchange Act, including fraud.
- The U.S. DOJ held a public workshop in Washington, D.C. on Feb. 19, 2020, focused on immunity for Internet platforms under Section 230 of the Communications Decency Act of 1996. DOJ's [announcement](#) of the workshop stated that "[c]ourts have interpreted the scope of Section 230 broadly, leaving a wide array of online activity immune from lawsuits. Now that the industry has matured, valid questions have been raised regarding the broad scope of Section 230 and whether the immunity is still required in its current form." U.S. Attorney General William Barr made opening [remarks](#) at the workshop echoing those concerns.

## Attorney General Consumer Protection News and Other Items of Interest

Forty seven state and territory attorneys general [announced](#) a global settlement framework with the opioid manufacturer Mallinckrodt (MNK), its subsidiaries, and certain other affiliates. MNK is currently the largest generic opioid manufacturer in the United States. In the agreement, MNK agrees to pay \$1.6 billion in cash to a trust that will cover the costs of opioid addiction treatment and related efforts, with the potential for increased payment to the trust. MNK also agrees that its future generic opioid business will be subject to stringent injunctive relief that, among other things, will prevent marketing and ensure systems are in place to prevent drug misuse.

Led by North Carolina Attorney General Josh Stein and Texas Attorney General Ken Paxton, a bipartisan group of 37 Attorneys General wrote a [letter](#) to the court overseeing multidistrict opioids litigation to oppose a motion regarding attorneys' fees filed by the Plaintiffs Executive Committee (PEC). The PEC, the lead group of private attorneys representing local governments and others in multidistrict litigation, have filed a motion seeking to establish a "common benefit fund" to award attorneys' fees and litigation costs to private counsel representing local governments in the cases. The proposed order, if granted, would direct that seven percent of the total monetary recovery awarded by the court or agreed upon by settlement be set aside to pay the attorney's fees and costs for private counsel. The seven percent assessment would be applied not only to the portion of the recovery for local government clients, but also to the states' portion of the recovery. According to the letter, the newly requested

seven percent assessment would not reduce the amount of attorneys' fees the local government and other plaintiffs previously agreed to pay their private attorneys from funds eventually recovered if the litigation is successful.

Attorneys General from Connecticut, Florida, Nevada, Oregon and Texas [announced](#) a bipartisan, multistate investigation into JUUL Labs. The 39-state multistate coalition is investigating JUUL's marketing and sales practices, including targeting of youth, claims regarding nicotine content, and statements regarding risks, safety, and effectiveness as a smoking cessation device.

Arizona Attorney General Mark Brnovich and 12 other attorneys general recently [urged](#) the federal appeals court in Cincinnati to reverse an Ohio federal judge's order that the AGs argued undermines the ability of states to negotiate a comprehensive opioid settlement. The 12 attorneys general allege that no grant of legislative or constitutional authority permitted the District Court to certify a "negotiation class" to resolve multidistrict litigation against entities who played a role in the opioid crisis. The attorneys general state that they are better suited to coordinate with other states and negotiate a comprehensive settlement that will provide for all citizens rather than just specific political subdivisions.

Arizona Attorney General Mark Brnovich also [announced](#) that his office obtained a preliminary injunction against Eonsmoke, LLC, regarding its advertisement and sale of illegal vaping products to Arizonans, including Arizona's youth. The injunction immediately prohibits Eonsmoke from selling its illegal products in the state.

Arkansas Attorney General Leslie Rutledge [announced](#) entry of a judgment against Jonathan Funk and his company Jonathan Funk Photography, LLC for violations of the Arkansas Deceptive Trade Practices Act. Rutledge's lawsuit alleged that consumers paid in full after their photography sessions and never received their portraits. Under the Order, the LLC must pay \$98,625 in restitution, \$100,000 in civil penalties, \$1,135 in filing fees and service costs and is also required to transfer images to consumers.

California Attorney General Xavier Becerra [issued](#) revised proposed regulations implementing the California Consumer Protection Act which were published and noticed for public comment on October 11, 2019. The changes were in response to comments received regarding the proposed regulations and/or to clarify and conform the proposed regulations to existing law. The commenting period for the [revised proposed regulations](#) ended on February 25.

District of Columbia Attorney General Karl Racine issued a [consumer alert](#) warning that more than a dozen auto thefts in the District are believed to be related to the use of the Getaround app. Getaround allows consumers to rent vehicles by the hour or day from owners who make them available through its online platform. Consumers can create a profile on Getaround and search for cars based on location and type of vehicle. After a rental request is submitted and approved by the owner, consumers can go to the car's location and unlock the vehicle using the app on their smartphone. Keys to the vehicle are left inside and consumers return the car at the end of their rental period. According to the alert, vehicles listed on Getaround could be at an increased risk of theft because keys are left inside the car and the car's location is visible to anyone searching the platform.

In recognition of Tax Identity Theft Awareness Week, Florida Attorney General Ashley Moody issued a [Consumer Alert](#) with tips for Floridians to avoid falling victim to tax and IRS scammers. One common scam involves the fraudulent filing of an individual's tax return in order to steal the refund. The Alert advises that the best thing taxpayers can do to avoid scams like this is to file their taxes as early as possible and avoid giving their personal information out to those who would do them harm.

Idaho Attorney General Lawrence Wasden has [announced](#) a settlement with Access Life's Adventures, LLC, and its owners Craig Keith Fletcher and Crystal Fletcher for alleged violations of the Idaho Consumer Protection Act. The Meridian, Idaho company allegedly accepted payments for Alaskan fishing and other trips that it failed to deliver. The settlement requires the Fletchers to pay more than \$100,000 in customer refunds.

Iowa Attorney General Tom Miller [reported](#) that a Polk County judge has ordered a Quad Cities-based telemarketing operation to pay nearly \$2.6 million and permanently banned it from doing business after finding the operation had defrauded small businesses across the nation. The court granted Miller's request for summary judgment against owner Alphonso Barnum of Davenport, several of his associates, and 10 companies, and [ordered](#) the defendants to pay more than \$200,000 in restitution, \$640,000 in civil penalties, and more than \$1.7 million in disgorged profits. In related news, Miller [announced](#) the filing of another telemarketing [case](#) against alleged associates of the defendants in the Barnum case also for engaging in national advertising and telephone scams. Iowa has found consumers allegedly targeted by the defendants in Idaho, Illinois, Indiana, Iowa, Minnesota, Nebraska, North Carolina, North Dakota, Ohio, Tennessee, Texas, Utah, and Wisconsin.

Massachusetts Attorney General Maura Healey [announced](#) that her office has sued JUUL Labs Inc. for allegedly creating a youth vaping epidemic by intentionally marketing and selling its e-cigarettes to young people. Healey's [complaint](#) alleges that JUUL intentionally chose models and images that appealed to young people, that the company advertised its products on websites geared toward kids, and that JUUL shipped e-cigarettes to underage youth who ordered them directly from JUUL online.

Michigan Attorney General Dana Nessel [announced](#) that a Lansing gym, Go Workout Frandor LLC, and its owner, Steven Millenbach, were ordered to pay a civil penalty and damages totaling \$123,020 after the business violated the Michigan Consumer Protection Act (MCPA) through deceptive practices including: failing to provide promised refunds, advertising no-contract memberships but selling 12-month memberships, continuing to sell memberships at a location the owner knew would not continue at the same location, and offering inadequate alternatives to customers of the closed location.

Missouri Attorney General Eric Schmitt [filed](#) a lawsuit against Martin Management, a timeshare exit company formerly located in Springfield, Missouri, and its owner Steve Martin. The [lawsuit](#) alleges that company employees, at the direction of Martin, solicited large sums of money from customers on the promise to obtain a release of their obligations within 180 days or money back, guaranteed but failed to obtain the releases and extracted additional payments after consumers complained. The suit also alleged the company instructed its clients to redirect maintenance expenses to them claiming the payments were no longer necessary. As a result, several consumers found themselves in debt with their timeshare holding companies.

Montana Attorney General Tim Fox [announced](#) he has filed a lawsuit against the McKesson Corporation and Cardinal Health, Inc., two leading distributors of narcotic opioids, for their alleged role in the opioid crisis.

New Mexico Attorney General Hector Balderas [filed](#) a lawsuit against Google, LLC alleging the tech giant is illegally collecting personal information from New Mexico school children under 13, in violation of the federal Children's Online Privacy Protection Act and New Mexico's Unfair Practices Act. Google offers its G Suite for Education products (including Gmail, Calendar, Drive, Docs, Sheets, and other services), along with Google Chromebook laptop computers, to school districts across New Mexico at no cost. In his lawsuit, General Balderas alleges that Google then uses its products to collect large quantities of valuable personal information, without their parents' consent, from children under 13 who are often required by their schools to use these services. In addition to filing the suit, Attorney General Balderas has communicated with schools across New Mexico and let them know that there is no immediate harm to the continued use of these products and that this lawsuit should not interrupt daily instruction in the schools.

New York Attorney General Letitia James and the FTC [announced](#) a [settlement](#) banning Buffalo-based debt collector, Robert Heidenreich, also known as "Bobby Rich," from the debt collection industry for misleading consumers on how much money they owed and using illegal tactics to collect inflated debt, a practice known in the industry as "overbiffing." In addition to the ban, the settlement also includes a suspended judgment of \$1.7 million. The [complaint](#) also alleged that collectors employed by Heidenreich pretended to be law enforcement personnel, attorneys, and process servers to collect on inflated debts by falsely threatening consumers with arrest and other legal actions.

Ohio Attorney General Dave Yost [sued](#) a central Ohio company, Idea Buyer LLC, that was supposed to help consumers launch their inventions but instead kept their money and did little to assist them. According to the [complaint](#), dozens of consumers lost more than a combined \$800,000. Consumer complaints allege that Idea Buyer pressured customers into signing contracts and paying large up-front fees, typically over \$10,000. The company told some consumers their inventions had been specially chosen by Idea Buyer investors and they needed to sign up fast.

Oklahoma Attorney General Mike Hunter joined with Walgreens and the financial literacy non-profit, EVERFI, to [launch](#) an interactive prescription drug safety course designed for high school students. The program, Prescription Drug Safety, is an innovative digital course that provides high school students with the knowledge and tools to make healthy, informed decisions related to prescription medications.

Pennsylvania Attorney General Josh Shapiro [announced](#) his office's [lawsuit](#) against JUUL Labs for allegedly violating Pennsylvania's Unfair Trade Practices and Consumer Protection law and jeopardizing the health of Pennsylvanians, in particular the young people JUUL allegedly targeted with their products. Attorney General Shapiro's lawsuit calls for JUUL to cease sales of their products in Pennsylvania. General Shapiro also [announced](#) that his office filed a civil lawsuit against extended automobile warranty company Delta Auto Protect to get money back for consumers and repair shops which fell victim to its car repair scam. The lawsuit alleges Delta is operated by Omega Vehicle Services LLC and its managing member Charles Seruya. According to the complaint, the company advertises and sells vehicle service and repair contracts to thousands of consumers in multiple states from a virtual office in Exton, PA, but refuses to honor the contracts it sells and, after accepting payment from consumers, refuses to cover the necessary repairs promised under contract.

Rhode Island Attorney General Peter Neronha and utility company National Grid are [warning](#) electric and gas customers to be vigilant of potential scammers posing as bill collectors trying to take advantage of them. According to the alert, over the past several weeks there has been an increased volume of reported scam attempts targeting residential and business customers by phone.

Tennessee Attorney General Herbert H. Slatery III has [filed](#) a lawsuit against Walker Stalkers, LLC and James Frazier for alleged violations of the Tennessee Consumer Protection Act in connection with cancellations and postponements of Walker Stalker Con and Fan Fest events for fans to meet famous actors and artists associated with the popular television program "The

Walking Dead," as well as other popular television shows. The state's [complaint](#) also alleges that Mr. Frazier withdrew large sums of money from Walker Stalkers accounts on a regular basis and used those sums for personal expenses.

Virginia Attorney General Mark R. Herring [announced](#) that he has [filed suit against VA Certificate Service, LLC](#) (VACS), a business that has sent [deceptive mailings](#) to numerous Virginia businesses, purportedly offering services for nearly ten times the price that the same service would cost from the State Corporation Commission (SCC). General Herring alleges that VACS sent advertisements to businesses registered with the SCC seeking a \$67.25 fee in exchange for a "Virginia Certificate of Good Standing," a document that can be obtained from the SCC for \$6.00.

Washington Attorney General Bob Ferguson [filed](#) a lawsuit against Bellevue-based Reed Hein & Associates LLC, alleging numerous unfair or deceptive business practices related to services to "exit" consumers' timeshares. Reed Hein does business under the name Timeshare Exit Team. General Ferguson's [complaint](#) alleged that Reed Hein advertised a 100 percent money-back guarantee, but that in reality, many consumers have struggled to obtain refunds, and are still denied refunds even after the company has failed to deliver for years. The complaint also alleges violations of the Washington Debt Adjusting Act.

A New York State appeals court [struck down](#) most of a law that authorized fantasy sports in the state. The law, signed by Gov. Andrew M. Cuomo in August 2016, declared that fantasy sports did not constitute gambling and provided for consumer safeguards, minimum standards and the registration, regulation and taxation of daily fantasy sports providers. A lawsuit challenging the law argued that it carved out an illegal exemption to the New York constitution's prohibition on gambling, which forbids the practice except for a few exceptions, including at a limited number of horse tracks and casinos.

Facebook agreed to a \$550 million [settlement](#) in a class action suit filed under Illinois' Biometric Information Privacy Act (BIPA). If approved by the California district court, the settlement will compensate Facebook users in Illinois for Facebook's use of facial recognition technology known as "tagging" without their consent and in violation of BIPA. Facebook disclosed the settlement as part of its quarterly financial results, in which it took a charge on the case.

The Eleventh Circuit Court of Appeals recently [decided](#) a case interpreting the Telephone Consumer Protection Act's "automatic telephone dialing system" ("ATDS") provision. There is a split in the circuits on whether the ATDS covers only equipment that can generate random or sequential numbers, or instead covers anything that can automatically dial from a list. In *Glasser v. Hilton Grand Vacations Company, LLC*, the Eleventh Circuit, agreeing with the Third Circuit and disagreeing with the Ninth Circuit, held that the ATDS provision covers only equipment that can generate random or sequential numbers.

Four national associations that represent internet service providers have sued Maine officials over a law that requires companies to get opt-in consent from customers before sharing or using their personal data. A [32-page complaint](#), filed in U.S. District Court in Portland, says Maine's law violates First Amendment protections by, among other things, restricting ISPs from advertising or marketing services to customers or from offering discounts or rewards in loyalty programs.

## Charities

Florida Attorney General Ashley Moody [issued](#) a Consumer Alert to ask Floridians to report suspicious crowdfunding charity pages. The Florida Highway Patrol (FHP) made the Attorney General's Office aware of a suspicious-looking page purporting to raise money for the family of a fallen FHP Trooper. In less than an hour, the Attorney General's Consumer Protection Division, working with GoFundMe.com, secured the suspension of the page and the more than \$500 that had been raised is being returned to donors.

## Legislation

The National Association of Attorneys General sent a [letter](#), signed by 42 state and territory attorneys general, to members of Congress voicing support of the Bankruptcy Venue Reform Act of 2019 (H.R. 4421). The legislation is designed to prevent forum shopping and allow governmental attorneys, (not just U.S. attorneys) to appear without charge and without being required to associate with local counsel. Currently, corporations are permitted to pursue bankruptcy in any district in which they have a minor affiliated interest and may select such a forum for litigation advantages. If passed, the bill would limit where businesses may file bankruptcy to a jurisdiction in which their "principal place of business" or "principal assets" are located.

In late December 2019, Congress revived and extended an important protection for struggling homeowners: the Qualified Principal Residence Indebtedness (QPRI) exclusion. Now homeowners with a short sale or other modification for their home mortgage loan may be able to avoid tax liability on debt forgiven in tax years 2018, 2019, and 2020, despite receiving 1099s indicating the forgiven debt as income. The National Consumer Law Center has written an [article](#) explaining QPRI and the law's benefits.



The Uniform Law Commission has formed a drafting committee for a uniform [Collection and Use of Personally Identifiable Data Committee Act](#), which was presented at the committee's first meeting February 21-22, 2020, in Washington D.C. The committee's goal is to draw up legislation by 2021 for states to adopt, potentially creating a more unified approach to privacy law across the country.

## Veterans and Military News

The CFPB, Arkansas Attorney General Leslie Rutledge and the South Carolina Department of Consumer Affairs [filed](#) suit against Candy Kern-Fuller, Howard Sutter III, and Upstate Law Group LLC. The [complaint](#) alleges that the defendants worked with a series of companies that brokered contracts offering high-interest credit to consumers, primarily disabled veterans, and provided substantial assistance to others committing deceptive and unfair acts or practices in violation of the Consumer Financial Protection Act and South Carolina debt collection law. The companies and individuals the defendants allegedly assisted were involved in prior [litigation](#) and a [settlement](#) regarding the same scheme.

New York Attorney General Letitia James [announced](#) the sentencing of Michael Erber of Brooklyn for stealing money intended to pay the rent of homeless New York City veterans from four community-based organizations. Erber was sentenced to a term of imprisonment of 10 1/2 - 21 years.

A for-profit education company [agreed](#) to pay \$512,000 to resolve misrepresentation claims impacting veterans' Post-9/11 GI Bill tuition subsidy program, United States Attorney Maria Chapa Lopez announced. Fort Myers-based Florida Academy, which provides adult professional education programs in the beauty-and-wellness and skilled trades industries, allegedly made misrepresentations to the United States Department of Veterans Affairs (VA) in order to maintain its eligibility to receive VA funding under the Post-9/11 GI Bill.

## Upcoming Events

### **2020 NAGTRI Anatomy of a Complex Consumer Case Training**

March 31 - April 3, 2020, Chicago, Illinois

This intensive three and one-half day program for assistant attorneys general is intended to enhance the participants' knowledge and skills in a constructive and positive learning environment facilitated by experienced attorneys serving as faculty. The program's primary goal is to afford participants the opportunity to gain an understanding of and overcome the challenges when enforcing consumer protection laws. Although this training discusses civil litigation issues, it is NOT a trial advocacy course in the strict sense of the term. Rather, it is designed to expose the participants to the wide and varied issues they will encounter when working on complex consumer protection investigations, settlements, and lawsuits. The deadline to submit a scholarship nomination has passed, but attorney general offices may pay to register additional staff. The deadline for registration is Tuesday, March 17.

[Click here](#) for more information.

### **2020 NAAG Consumer Protection Spring Conference**

May 19-21, 2020, Raleigh, North Carolina

[Save-the-Date:](#) This year's NAAG Consumer Protection Spring Conference will be held in Raleigh, North Carolina at the [Raleigh Marriott City Center](#) from May 19-21, 2020. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Tuesday, May 19, from approximately noon until 8:00 p.m., the private, nonprofit, and government sectors are invited to attend the public portion of the conference, which also includes lunch and an evening reception. Morning sessions on Tuesday, May 19 and all of Wednesday, May 20 and Thursday, May 21 are open to attorney general office staff only.

Sessions during the public portion of the conference include a panel of attorneys general, as well as sessions on facial recognition software, the Children's Online Privacy Protection Act, and advertising issues. There will also be an open-mic discussion of private sector issues. Please note that the agenda is subject to change as we prepare for the conference, and we plan to keep the website updated with current information. Registration will open soon!



State and territory attorneys general protect citizens from unfair, misleading, and deceptive acts and practices. Learn more at:

[www.ConsumerResources.org](http://www.ConsumerResources.org)

[Todd Leatherman](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

The **National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**January 2020**



*Photo courtesy of the West Virginia State Bar and Rick Lee*

### **Consumer Chief of the Month: Ann Haight, West Virginia**

I have tried to continue a family legacy of commitment to the practice of law through my time in private practice, my commitment to the West Virginia State Bar, where I now serve as President after two terms of service on the Board of Governors, and in my position as chief of the state Attorney General's Consumer Protection and Antitrust Division.

Coming from an extended family of lawyers, I decided to take the LSAT, as well as the GRE, after I received my psychology degree from Denison University in Granville, Ohio. The results pointed me to law school. I graduated from the West Virginia University College of Law in 1982. I spent more than three decades in private practice and shattered my firm's glass ceiling as its first female partner. For five of those years, I was also an evening instructor at the West Virginia Junior College, teaching legal assistant courses and general studies courses.

[Read More](#) ➔

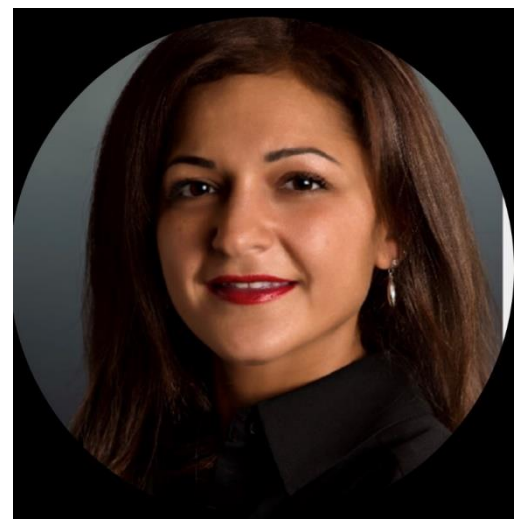
### **Article of the Month**

#### **"The New Referral:" Innovative Ways to Tackle Consumer Protection Issues Involving Fake Social Media Influencers**

**Merna T. Hoffman, Deputy Attorney General, Pennsylvania  
Attorney General's Office**

Competition is a vital component in the global market. Technology is changing the way we learn and gather information about products and services. In the "old days," word-of-mouth was one factor influencing purchase decisions, i.e., your neighbor tells you how happy she is with her new lawn mower. These days, if you are a consumer who does proper due diligence, you are likely to read and compare online review before making a purchase. Depending on the product or service involved, online reviews, ratings, and popularity of the product or service will likely influence and be a persuasive factor in your decision to buy.

[Read More](#) ➔





## Scam Alert:

[Bogus Texts Purporting to Involve FedEx Shipments](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB [issued](#) a [policy statement](#) providing a framework on how it intends to apply the "abusiveness" standard in supervision and enforcement matters under the Dodd-Frank Act.
- The CFPB and the Office of Utah Attorney General Sean Reyes [announced](#) the first joint office hours to be held as part of the American Consumer Financial Innovation Network. These joint office hours provide innovators with the opportunity to discuss issues such as financial technology, innovative products or services, regulatory sandboxes, no action letters, and other matters related to financial innovation with officials from the CFPB and state partners.
- The CFPB [announced](#) a [suit](#) against Monster Loans, Lend Tech Loans, and associated student loan debt-relief companies and individuals involved in allegedly obtaining consumer reports illegally, charging unlawful advance fees, and engaging in deceptive conduct.
- The CFPB [named](#) five members who will serve on the Taskforce on Federal Consumer Financial Law.

## Federal Trade Commission:

- The Federal Trade Commission (FTC) will mark [Tax Identity Theft Awareness Week](#), February 3-7, 2020, by co-hosting a series of free events highlighting the warning signs of tax identity theft and government imposter scams, ways consumers can protect themselves, and what to do if a consumer is a victim of tax identity theft.
- Webinar: On February 6, at 2:00 p.m. ET, the FTC and the Identity Theft Resource Center will co-host a 30-minute Tax Identity Theft Awareness Week webinar on government imposter scams. The presentation will address IRS, Social Security Administration, and U.S. Census Bureau imposters, red flag warnings, how to protect yourself, and how to recover if fraud happens to you. Sign up [here](#) to get an email reminder with the webinar link a few minutes before the webinar begins. The FTC [announced](#) changes to its data security orders, increasing order specificity, third party assessor accountability, and elevating data security considerations to the corporate officer and board of directors level.
- Three individuals and a telephone call center that helped Florida-based Grand Bahama Cruise Line LLC and others to make millions of illegal robocalls to consumers [settled](#) a FTC complaint and are permanently barred from making telemarketing robocalls.
- A California-based mortgage broker will [pay](#) \$120,000 to settle FTC allegations that it violated the Fair Credit Reporting Act and other laws by revealing personal information about consumers in response to negative reviews posted on the review website Yelp.
- The FTC has [granted](#) final approval to a settlement with a Utah-based technology company, InfoTrax Systems, L.C., related to allegations that the firm failed to put in place reasonable security safeguards, allowing a hacker to access the personal information of more than a million consumers.
- The FTC [announced](#) that FTC staff sent letters to 19 Voice over Internet Protocol (VoIP) service providers warning them that "assisting and facilitating" illegal telemarketing or robocalling is against the law. The [letters](#) warn the VoIP service providers that the FTC may take legal action against them if they assist a seller or telemarketer who they know, or consciously avoid knowing, is violating the agency's Telemarketing Sales Rule. The FTC is not disclosing the names of the companies and/or individuals to whom it sent the warnings.

## Securities and Exchange Commission:



- The Securities and Exchange Commission (SEC) [announced](#) the charging of a California-based couple with orchestrating a nearly billion-dollar Ponzi scheme involving alternative energy tax credits. According to the SEC's complaint, Jeffrey and Paulette Carpoft raised approximately \$910 million from 17 investors between 2011 and 2018 by offering securities in the form of investment contracts through their two solar generator companies, DC Solar Solutions Inc. and DC Solar Distribution Inc.
- The SEC [announced](#) that its Office of Compliance Inspections and Examinations issued [examination observations](#) related to cybersecurity and operational resiliency practices taken by market participants.
- The SEC [filed](#) an emergency enforcement action and obtained a temporary restraining order and asset freeze against Illinois resident Kenneth D. Courtright, III and his company, Today's Growth Consultant Inc., in connection with an alleged Ponzi-like scheme that raised at least \$75 million from more than 500 investors throughout the United States and abroad.
- The SEC [obtained](#) a court order of distribution of over \$63 million to investors in connection with a New York real estate investment fraud scheme alleged against Morgan Mezzanine Fund Manager LLC and Morgan Acquisitions LLC.

## Department of Justice:

- The Department of Justice (USDOD) [announced](#) that John Kapoor, Founder and former Chairman of the Board of Insys Therapeutics, was sentenced to 66 months in prison for his role in bribing practitioners to prescribe highly addictive pain medication, often when medically unnecessary.
- The USDOD [recouped](#) more than \$3 billion in 2019 from settlements and judgments from false claims and fraud. Of these cases, \$2.6 billion came from the healthcare industry, with cases including drug and medical device manufacturers, managed care providers, hospitals, pharmacies, hospice organizations, laboratories and physicians.
- The USDOD [filed](#) civil actions for temporary restraining orders in two cases against five telecom companies and three individuals allegedly responsible for carrying hundreds of millions of fraudulent robocalls to American consumers.
- A San Francisco-based health information technology company will pay \$145 million to resolve criminal and civil charges that it helped set up an electronic health records system that encouraged physicians to prescribe opioids to patients who might not need them, federal prosecutors in Vermont [announced](#). Practice Fusion, Inc., admitted that it took kickbacks from a major opioid company in exchange for using its software to influence physicians to prescribe opioid pain medication.
- Two Mississippi men were sentenced for their roles in a long-running odometer tampering scheme, the USDOD [announced](#). The men were also ordered to pay more than \$900,000 in restitution. The National Highway Traffic Safety Administration Office of Odometer Fraud Investigation, assisted by Mississippi Attorney General's Office, investigated the case.
- The USDOD announced that a New York man [was sentenced](#) to 60 months in prison followed by three years of supervised release for participating in a scheme that used secret card-reading devices and pinhole cameras on various New Jersey bank locations to steal at least \$390,141.
- The USDOD announced two Peruvians [pleaded guilty](#) to overseeing call centers that threatened and defrauded Spanish-speaking U.S. consumers.
- The USDOD [announced](#) that three individuals were sentenced to prison for their roles in an \$11 million telemarketing scheme that defrauded primarily elderly victims in the United States from call centers in Costa Rica.

## In other federal news:

- The Commodity Futures Trading Commission [issued](#) an order simultaneously filing and settling charges against Korean firm Mirae Asset Daewoo Co., Ltd. for spoofing in the Chicago Mercantile Exchange E-mini S&P 500 futures market. Spoofing in this context refers to the practice of placing orders with the intent to cancel them before they close for the purpose of giving a false impression of market depth and inducing other market participants to trade opposite the orders. The order finds that Daewoo Securities Co. Ltd., a company Mirae acquired following the spoofing conduct at issue, engaged in the spoofing through a trader located in Daewoo's Seoul office. The order requires Mirae to pay a \$700,000 civil monetary penalty and to cease and desist from violating the Commodity Exchange Act's prohibition on spoofing.
- The Office of the Comptroller of the Currency (OCC) [said](#) that it is bringing enforcement actions against five former Wells Fargo executives and has reached settlements with three others over their alleged roles in the bank's sales practices scandal affecting millions of bank customers and thousands of lower level bank employees from 2002 through October, 2016. The settlements include a Consent Order imposing a \$17.5 million fine for former CEO John Stumpf.
- The Internal Revenue Service and the Department of the Treasury issued [Revenue Procedure 2020-11](#) that establishes a safe harbor extending relief to additional taxpayers who took out federal or private student

loans to finance attendance at a nonprofit or for-profit school and whose federal loans are discharged by the Department of Education based on Closed School or Defense to Repayment discharge processes, or whose private loans are discharged based on a settlement of a legal action alleging unlawful practices, including deceptive trade practices.

- The U.S. Department of Defense Office of Inspector General released an [audit](#) concluding that military treatment facilities potentially overprescribed opioids from 2015 through 2017 because the Defense Health Agency and Military Departments did not have policies and processes in place to identify and monitor beneficiaries who were prescribed over 90 MME per day.
- The White House released an [Executive Order](#) signed by President Trump unveiling a number of new steps the administration is taking to crack down on the sale of contraband and counterfeit goods online.

## Attorney General Consumer Protection News and Other Items of Interest

The U.S. Supreme Court [accepted](#) certiorari of a petition to review a 4<sup>th</sup> Circuit decision holding that the government debt exception to the TCPA's automated-call restriction violates the First Amendment. The question presented in the Department of Justice's [petition](#) for writ of certiorari is "whether the government-debt exception to the TCPA's automated-call restriction violates the First Amendment, and whether the proper remedy for any constitutional violation is to sever the exception from the remainder of the statute."

Led by California Attorney General Xavier Becerra, Illinois Attorney General Kwame Raoul, and New York Attorney General Letitia James, a bipartisan coalition of 22 attorneys general submitted [a comment letter](#) opposing a proposal by the Office of the Comptroller of the Currency to exempt entities that are not national banks (including payday and other high-cost lenders) from state usury laws.

Alaska Attorney General Kevin G. Clarkson issued a [consumer alert](#) warning of a telephone scam affecting Alaskans, with callers pretending to be from the Social Security Administration.

Arizona Attorney General Mark Brnovich's office [filed](#) a consumer fraud lawsuit against Juul Labs, Inc. (JUUL), regarding the advertisement and sale of JUUL's vaping devices and vaping pods to Arizonans, including JUUL's allegedly exploitative marketing towards Arizona's youth. In other Arizona news, General Mark Brnovich [announced](#) that the U.S. Department of Justice (USDOJ), Arizona, and several other states negotiated an Amended Final Judgment with Live Nation after it was uncovered that Live Nation allegedly violated terms of a 2010 Consent Judgment by engaging in retaliation and conditioning activities.

Arkansas Attorney General Leslie Rutledge [announced](#) a lawsuit against an unlicensed Little Rock contractor and his company for unlawfully misrepresenting services and taking more than \$20,000 in fees from consumers without providing any roofing or remodeling services. Rutledge's [complaint](#) alleges the roofer violated several provisions of the Arkansas Deceptive Trade Practices Act and the Home Solicitation Sales Act.

California Attorney General Xavier Becerra's office [secured](#) a Superior Court [judgment](#) of nearly \$344 million in civil penalties against Johnson & Johnson for false and deceptive marketing of its pelvic mesh products for women. Additional injunctive terms may be added after further briefing. According to Becerra's office, the judgment marks the first time a court of law has issued findings of fact and ruled that Johnson & Johnson did indeed engage in illegal false and deceptive business practices. In other California news, General Becerra has [issued](#) an advisory for consumers highlighting their new rights as part of the California Consumer Privacy Act (CCPA), which went into effect on January 1, 2020. The advisory describes consumers' basic privacy rights under the CCPA and methods for consumers to exercise those rights, information about the data broker registry, and new guidelines related to data security. Enforcement of CCPA is the responsibility of the Office of the Attorney General.

Colorado Attorney General Phil Weiser [announced](#) that CenturyLink will pay \$8,476,000 for unfairly and deceptively charging hidden fees, falsely advertising guaranteed locked prices, and failing to provide discounts and refunds it promised to consumers who signed up for Internet, television, and telephone services in Colorado. Also in Colorado, General Weiser hosted a Conference on Data Privacy and Cybersecurity Compliance. General Weiser's [remarks](#) touched on issues affecting small businesses as well as recent efforts taken by Colorado to address the issue, including issuance of a \$500,000 grant to the Colorado Northwestern Community College to establish a cybersecurity degree program.

Florida Attorney General Ashley Moody [launched](#) a Consumer Alert webpage with tips and resources to help Floridians avoid scams. The webpage, [MyFloridaLegal.com/ConsumerAlert](https://myfloridalegal.com/consumeralert), aggregates the latest OAG alerts about emerging scams, fraud tactics and what Floridians can do to avoid falling victim.

Illinois Attorney General Kwame Raoul [announced](#) the filing of two requests with the Illinois Commerce Commission to rehear and reconsider its decisions in the ComEd and Ameren Illinois formula rate cases that allow the companies to hold onto hundreds of millions of dollars in consumer refunds for a period of more than 35 years. Attorney General Raoul requested a far shorter refund period of five years.

Indiana Attorney General Curtis Hill [filed](#) a civil action against Pierce Automotive LLC and its owner Steven Pierce for violating the Indiana Deceptive Consumer Sales Act. Pierce Automotive allegedly took money from consumers and promised auto repair work that it never completed, according to a [complaint](#) filed this month. After Pierce Automotive closed its doors, the company removed the consumers' vehicles from the premises and never returned them to consumers, the complaint alleges.

Kansas Attorney General Derek Schmidt [filed](#) two lawsuits against out-of-state pop-up sellers of counterfeit Kansas City Chiefs and Super Bowl LIV merchandise. The lawsuits were filed as a part of a coordinated enforcement action in partnership with the U.S. Department of Homeland Security, Kansas Department of Revenue and Topeka Police Department.

Kentucky Attorney General Daniel Cameron joined Kentucky Governor Andy Beshear in [announcing](#) the top financial scams to avoid in 2020.

Maryland Attorney General Brian E. Frosh [settled](#) with a dental practice to resolve allegations of violations of the Consumer Protection Act. The Consumer Protection Division alleged that the dental practice overbilled consumers and did not provide them with accurate information about expected charges.

Michigan Attorney General Dana Nessel [urged](#) customers of Michigan State University Federal Credit Union (MSUFCU) to protect their accounts and promptly respond to any fraud notices they may have received regarding suspicious activity on their MSUFCU credit cards.

Minnesota Attorney General Keith Ellison [announced](#) that his office has [settled](#) its lawsuit against Comcast/Xfinity and obtained refunds for 15,600 Minnesotans, as well as debt relief for an additional 16,000 Minnesotans. The suit alleged that the company charged Minnesota consumers more than it promised it would for cable services, including undisclosed "fees" and that it charged for services and equipment that customers did not request. The settlement also resolves the Attorney General's allegations that Comcast promised prepaid gift cards as an inducement to enter into multi-year contracts, then failed to provide the cards. Together, the refunds and debt relief are worth millions of dollars.

Nebraska Attorney General Doug Peterson issued a consumer [alert](#) regarding dietary supplements, weight loss and gym memberships.

New Mexico Attorney General Hector Balderas [filed](#) a lawsuit against four corporations that manufactured, advertised, and sold talcum powder products, including baby powder, which allegedly contained hazardous and carcinogenic asbestos to New Mexicans. The defendants named in the lawsuit are Johnson & Johnson, Johnson & Johnson Consumer Companies, Inc., Valeant Pharmaceuticals International Corporation, and Valeant Pharmaceuticals North America LLC.

New York Attorney General Letitia James [launched](#) the "[Protect Our Homes](#)" initiative with a day of action to inform homeowners in Brooklyn about deed theft and other housing-related scams. The efforts are the first step in a campaign of coordinated prevention and enforcement actions to combat deed theft in New York City. In addition, Attorney General James announced the formation of an interagency taskforce to focus on deed theft and other housing fraud issues. In other New York news, General James, joined by 23 attorneys general, filed an [amicus brief](#) in *Seila Law, LLC v. Consumer Financial Protection Bureau*, a case challenging the constitutionality of the structure of the CFPB, in particular, the limitations on executive branch authority to remove the CFPB Director only "for inefficiency, neglect of duty, or malfeasance in office." According to *Seila Law*, this for-cause removal provision impinges on the Executive Power and violates the Constitution's separation of powers clause. The attorney general's brief argues the Supreme Court should preserve the CFPB and other significant consumer protections provided by Title X.

North Carolina Attorney General Josh Stein [announced](#) a settlement of more than \$825,000 with Florida-based payday lender Approved Financial Inc. related to a case he filed alleging illegal, unlicensed lending practices, usury, unlawful debt collection, and unfair and deceptive practices.

Ohio Attorney General Dave Yost is [taking](#) a Montgomery County roofing contractor to court for allegedly cheating homeowners out of thousands of dollars. Customers said some of the alleged rip-offs came in the wake of 2019 Memorial Day storms.

Oklahoma Attorney General Mike Hunter [announced](#) he has filed a [lawsuit](#) against the McKesson Corporation, Cardinal Health, Inc. and AmerisourceBergen Corporation, three leading distributors of opioid pain medication, for their alleged role in the ongoing opioid crisis. In related news, General Hunter [reached](#) an out-of-court settlement with Endo Pharmaceuticals totaling \$8.75 million for the company's alleged role in the state's opioid crisis.

In commemoration of [Data Privacy Day](#) (January 28, 2020), Oregon Attorney General Ellen Rosenblum [released a "Do Not Click" campaign](#) to educate Oregonians about staying safe online. She is hoping to alert people to the dangers of clicking on links that appear to be legitimate, but are not. Scammers may pretend to be an official organization, bank, business or a familiar person in order to obtain sensitive or confidential information either through a text message or an email. These "phishing" scams usually target a bank account number, credit card number, password or usernames.

Vermont Attorney General T.J. Donovan [announced](#) that his office has reached a [settlement](#) with Maryland-based Woodbine Senior Living, LLC, for violations of Vermont's Consumer Protection Act. The settlement resolves claims that, under Woodbine's management, Spring Village, a "memory care" home, misrepresented to families of prospective residents that it would be able to care for their loved ones at all stages of dementia and aging. Attorney General Donovan also announced the release of an educational [guide for consumers](#) on the key differences between nursing homes, assisted living facilities, and residential care homes, developed in partnership with the Vermont Department of Disabilities, Aging, and Independent Living.

Washington Attorney General Bob Ferguson [announced](#) a [lawsuit](#) against Johnson & Johnson, one of the largest suppliers of the raw materials used to produce opioid pain medications, accusing the multinational company of playing a key role in driving the entire pharmaceutical industry to vastly expand the use of prescription opioids.

The BBB offered [tips](#) on how cryptocurrency works and how to avoid cryptocurrency scams.

The National Consumers League created a new [website](#) to educate consumers about and encourage reporting of fake prescription medication.

Major pharmacy chains including CVS and Walgreen Co. have [filed](#) litigation alleging that doctors in two Ohio counties are liable in the opioid crisis. The chains say the physicians should have to contribute toward penalties if a trial results in the companies being held liable for the crisis.

## Charities

Led by [Connecticut Attorney General William Tong](#) and [Nebraska Attorney General Doug Peterson](#), 21 Attorneys General [settled](#) with Paypal Charitable Giving Fund, Inc. (PPGF) to ensure donors receive adequate information and disclosures when making charitable contributions through the company's online fundraising platform. The settlement resolves concerns regarding PPGF's alleged failure to disclose to donors that charities would receive contributions more quickly if the charity maintained a PayPal account, and that in some instances PPGF redirected donors' contributions from the charity selected by the donor to other organizations with similar purposes without informing donors.

Missouri Attorney General Eric Schmitt [filed](#) a lawsuit against Vinelanders Community Land Trust, Inc. of Kansas City and its owner Alice Goodlow. The lawsuit alleges that Goodlow solicited charitable donations and membership fees from thousands of Missourians on the pretense that those funds would be pooled to provide homes to trust members.

New Jersey Attorney General Gurbir S. Grewal and the Division of Consumer Affairs [announced](#) that a woman and the horse rescue charity she founded have agreed to permanently cease soliciting contributions in New Jersey and pay civil penalties to resolve allegations they accepted more than \$340,000 in contributions in violation of state charity laws.



# Legislation

The U.S. House of Representatives passed the Comprehensive Credit Reporting Enhancement, Disclosure, Innovation, and Transparency (CREDIT) Act of 2020 ([H.R. 3621](#)), which consumer advocates believe addresses deep flaws in the credit reporting system and protects consumers from unfair credit reporting practices. Among other provisions, the Act directs the Consumer Financial Protection Bureau to enact new rules on credit reporting accuracy, establishes new rights of appeal for consumers who dispute errors, reduces the time limit for negative information in credit reports, and restricts the use of credit reports for employment purposes.

The House Committee on Oversight and Reform held its third [hearing](#) on facial recognition technology.

Washington state legislators [introduced](#) two bills seeking to regulate consumer data and the use of facial recognition technology.

## Veterans and Military News

The U.S. Army Recruiting Command [warned](#) of fraudulent text messages informing individuals they have been selected for a military draft.

Attorney General Josh Stein [released](#) consumer protection information to help military servicemembers and their families as servicemembers from North Carolina deploy overseas in response to international events. The military community is frequently targeted by scammers and con artists.

## Upcoming Events

### **2020 NAGTRI Anatomy of a Complex Consumer Case Training**

March 31 - April 3, 2020, Chicago, Illinois

This intensive three and one-half day program for assistant attorneys general is intended to enhance the participants' knowledge and skills in a constructive and positive learning environment facilitated by experienced attorneys serving as faculty. The program's primary goal is to afford participants the opportunity to gain an understanding of and overcome the challenges when enforcing consumer protection laws. Although this training discusses civil litigation issues, it is NOT a trial advocacy course in the strict sense of the term. Rather, it is designed to expose the participants to the wide and varied issues they will encounter when working on complex consumer protection investigations, settlements, and lawsuits. The deadline to submit a scholarship nomination for this program is close of business on Wednesday, February 5. Attorney general offices may pay to register additional staff once this deadline has passed.

[Click here](#) for more information.

### **2020 NAAG Consumer Protection Spring Conference**

May 19-21, 2020, Raleigh, North Carolina

This year's NAAG Consumer Protection Spring Conference will be held in Raleigh, North Carolina at the Raleigh Marriott City Center from May 19-21, 2020. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Tuesday, May 19 from noon to approximately 7:30 pm, the private, nonprofit, and government sectors will be invited to attend the public portion of the conference, which will include lunch and an evening reception.

[Save the date!](#)



[Todd Leatherman](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [tleatherman@naag.org](mailto:tleatherman@naag.org) or call 202-326-6044.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



## Center for Consumer Protection Monthly

December 2019



### Consumer Chief of the Month: Benjamin Long

Greetings and happy holidays from the Bluegrass State. I'm honored to be December's Chief of the Month.

I was born in Henderson, Kentucky, a small town in western Kentucky located on the Ohio River just south of Evansville, Indiana. Despite my southern accent, Henderson has more of a midwestern feel. My parents were both educators, and I knew from a pretty young age that I wanted to go into public service.

[Read More](#) 

### Article of the Month: Extraterritorial Application of Consumer Protection Laws

**Tom Melton, Division Director, White Collar and Commercial  
Division, Utah Attorney General's Office**

**Robert Wing, Section Director, Civil and Administrative Section,  
Utah Attorney General's Office**

Each state has its own consumer protection laws, which govern transactions occurring in their state. Often, however, conduct spans two or more states. A sale made in one state may be fulfilled from another state, for example. But the legal requirements between the two states may differ. May the state in which the seller is headquartered regulate the conduct? The answer depends on whether a state's statute demonstrates legislative intent to have extraterritorial effect and whether the conduct occurs wholly in another state.

[Read More](#) 





## Scam Alert:

[Car Wrap Scam Targets College Students](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB's Ombudsman's Office [released](#) its FY 2019 Annual Report.
- The CFPB [issued](#) a Notice of Proposed Rulemaking relating to the Remittance Rule (Rule). The Rule generally requires companies that provide remittance transfers in the normal course of business to disclose to consumers certain fees and the exchange rates that apply to transfers. The Rule also includes an exception that allows some banks and credit unions to estimate fee and exchange rate information instead of disclosing exact amounts in certain circumstances, but this exception expires by statute in July 2020.

## Federal Trade Commission:

- The FTC has [granted](#) final approval to a settlement with the former CEO of Cambridge Analytica, LLC and an app developer who worked with the company to resolve allegations they used deceptive tactics to collect personal information from tens of millions of Facebook users for voter profiling and targeting.
- The FTC [issued](#) an Opinion finding that the data analytics and consulting company Cambridge Analytica, LLC engaged in deceptive practices to harvest personal information from tens of millions of Facebook users for voter profiling and targeting. The Opinion also found that Cambridge Analytica engaged in deceptive practices relating to its participation in the EU-U.S. Privacy Shield framework.
- The University of Phoenix and its parent company, Apollo Education Group, will [settle](#) for a record \$191 million to resolve FTC charges that they used deceptive advertisements that falsely touted their relationships and job opportunities with companies such as AT&T, Yahoo!, Microsoft, Twitter, and the American Red Cross.
- The FTC and the state of Maine are [seeking](#) a civil contempt order against two companies that market dietary supplements, alleging they have continued to promote their products using unproven claims that they can treat and cure diseases, in violation of a 2018 FTC settlement [order](#).
- The FTC [released](#) reports on cigarette and smokeless tobacco sales and marketing expenditures for 2018.
- The FTC has [issued](#) its biennial report to Congress focusing on the use of the National Do Not Call Registry by both consumers and businesses and other organizations over the past two years.
- The operators of a work-from-home scheme, Effen Ads, LLC and its owners and the CEO of their main affiliate marketing network, W4 LLC, will [pay](#) nearly \$1.5 million to settle FTC allegations that they used misleading spam emails to lure consumers into buying work-from-home services.
- The U.S. District Court for the District of Nevada has [ruled](#) in favor of the FTC in a case against the operators of a scheme that deceived financially distressed homeowners by falsely promising to make their mortgages more affordable. The defendants also charged consumers illegal advance fees and unlawfully told consumers not to pay their mortgages to or communicate with their lenders.
- The FTC [filed](#) suit against FleetCor, a company that sells fuel card services to businesses, alleging that it has charged customers at least hundreds of millions of dollars in hidden fees after making false promises about helping customers save on fuel costs.
- Global Asset Financial Services Group, LLC, the operators of a scheme that conned consumers into paying non-existent debts, will be permanently [banned](#) from the debt collection business and from misleading consumers about debt in a settlement with the FTC.
- A Utah-based company and its owner, Elite IT Partners, Inc., and its President and CEO, James Martinosare, are permanently [banned](#) from offering tech support products and services to consumers as part of a settlement with the FTC resolving allegations that their scheme tricked consumers into believing their computers were infected with viruses in order to sell them costly computer repair services.
- The FTC [announced](#) that Thomas Henry Fred, Jr., and three companies that he owns targeted new businesses across the country with bogus threats of government fines will pay \$1.2 million and be banned from sending unsolicited direct mail under a settlement with the FTC and the state of Florida.
- The FTC [warned](#) of fake letters from scammers pretending to be from the FTC.



- The marketers of a dietary supplement called Synovia [agreed](#) to settle FTC charges by halting the deceptive tactics they allegedly used to mislead consumers into thinking Synovia could treat arthritis and alleviate joint pain.
- At the request of the FTC and the state of Ohio, a federal court has [halted](#) the operations of Voice over Internet Protocol service provider Globex Telecom Inc., which allegedly played a key role in robocalling consumers to promote a credit card interest reduction scheme that bilked consumers out of millions of dollars.

## Securities and Exchange Commission:

- The SEC [announced](#) charges against Edward Espinal, of Wayne, New Jersey, and his company, Cash Flow Partners LLC, in connection with an alleged \$5 million Ponzi scheme that defrauded at least 90 investors, many of whom were members of the Hispanic community.
- The SEC [announced](#) that a Colorado stock promoter and two of his companies agreed to pay \$4.2 million to settle the U.S. Securities and Exchange Commission's charges for fraudulently promoting and trading a cannabis stock.
- The SEC [announced](#) that it has obtained a temporary restraining order and asset freeze against a California solar panel company and three executives who allegedly defrauded more than 100 investors.

## In other federal news:

- The FBI Internet Crime Compliant Center [released](#) a public service announcement on money mules.
- The U.S. Department of Justice [announced](#) that a federal court ordered a New York company to stop distributing adulterated and misbranded dietary supplements.

# Attorney General Consumer Protection News and Other Items of Interest

Twenty-five attorneys general [urged](#) the FTC to strengthen its rules prohibiting websites, mobile applications, and other digital marketing companies from collecting and using the personal information of children under the age of 13.

Seventeen attorneys general [urged](#) the FTC to adopt expanded regulations that would require businesses to provide adequate notification before enrolling consumers in their subscription services following a free trial period and regarding how consumers can cancel these subscriptions before actually being billed.

Arizona Attorney General Mark Brnovich [announced](#) that his office obtained a \$600,000 consent judgement against a Sun City vacuum sales business and its owners. Last year, Attorney General Brnovich filed a lawsuit alleging that Sun City-based Island Don, Inc., which does business as Bright & Shiny Kirby Company, Bright & Shiny Cleaning Services, or Sun West Kirby, made thousands of calls in violation of the National "Do Not Call" Registry from September 2017 to July 2018 and deceived Arizonans over the phone.

Colorado Attorney General Phil Weiser [announced](#) that CenturyLink will pay \$8,476,000 for unfairly and deceptively charging hidden fees, falsely advertising guaranteed locked prices, and failing to provide discounts and refunds it promised to consumers who signed up for internet, television, and telephone services in Colorado.

Florida Attorney General Ashley Moody [issued](#) a Consumer Alert to warn shoppers about common gift card scams that increase after the holidays.

Kansas Attorney General Derek Schmidt [warned](#) consumers of scammers posing as Apple support.

Illinois Attorney General Kwame Raoul [announced](#) a lawsuit the Attorney General's office filed against JUUL Labs, Inc. (JUUL), the nation's largest manufacturer of e-cigarettes. Attorney General Raoul filed the lawsuit in Cook County Circuit Court against California-based JUUL, alleging the company intentionally has marketed its harmful nicotine products to minors, misrepresented the potency of nicotine in its products and misrepresented JUUL's products as smoking cessation devices.

Indiana Attorney General Curtis Hill [filed](#) a complaint alleging that a DeKalb County man and his company violated Indiana law by creating and operating a pyramid scheme.

Maine Attorney General Aaron M. Frey [announced](#) that he has filed a civil action against Castle Builders, Inc., its owner Malcolm I. Stewart, and his wife Elizabeth J. Stewart for alleged violations of the Maine Unfair Trade Practices Act. The lawsuit seeks a permanent injunction against the Defendants that will prohibit them from soliciting or contracting with consumers for home construction services in the state of Maine, restitution for consumers who suffered financial loss caused by their unlawful practices, civil penalties, and attorney's fees.

Maryland Attorney General Brian E. Frosh [announced](#) that his Consumer Protection Division issued a Final Order against Greg Blosser and his company The Surrogacy Group, LLC, an Annapolis-based company, for violating the Consumer Protection Act when it sold surrogacy services to consumers for tens of thousands of dollars, but did not provide the promised services.

Massachusetts Attorney General Maura Healey has [sued](#) a Melrose couple for running a tech support scheme that allegedly charged unsuspecting consumers for repairs to fix nonexistent problems with their computers. In other Massachusetts news, Attorney General Healey [sued](#) eight online e-cigarette retailers for illegally selling and delivering flavored tobacco products to consumers in Massachusetts, in violation of a new state law.

Michigan Attorney General Dana Nessel [announced](#) her office is investigating two related Grand Rapids businesses: Blvck Pods, LLC and BlvckedPods, LLC, which sell wireless earphones (earbuds) online. These two Michigan companies have been the subject of numerous complaints from consumers around the world who believed they were buying "100% Custom and Unique" products produced and shipped from Grand Rapids. In reality, the companies' operators are running a drop-shipping business by taking orders and relying on a Chinese company to fulfill the orders, which allegedly never arrived or arrived in a non-working condition. The businesses also allegedly failed to promptly refund their customers. In other Michigan news, Attorney General Nessel [announced](#) that Michigan became the first state in the country to sue major opioid distributors as drug dealers when it filed a lawsuit against Cardinal Health Inc., McKesson Corporation, AmerisourceBergen Drug Corporation, and Walgreens in Wayne County Circuit Court.

Minnesota Attorney General Keith Ellison [announced](#) that the state of Minnesota is suing e-cigarette manufacturer JUUL Labs, Inc. The lawsuit alleges among other counts that JUUL has violated multiple state consumer protection laws, breached its duty of reasonable care, and created a public nuisance.

Missouri Attorney General Eric Schmitt [announced](#) that his office successfully secured a refund for an elderly Missouri citizen scammed by a chairlift company.

Montana Attorney General Tim Fox [warned](#) Montanans about a scam where call centers are posing as local tow truck companies.

New York Attorney General Letitia James [announced](#) that a New York State Supreme Court has awarded more than \$16 million to New York state in restitution and penalties, as well as permanently enjoined a ring of New York and Oregon companies and one individual in a magazine and newspaper subscription scam.

Ohio Attorney General Dave Yost [sued](#) a home improvement contractor in northeast Ohio who has done business under more than 10 different names and allegedly bilked homeowners out of over \$150,000.

Oregon Attorney General Ellen Rosenblum [filed](#) a lawsuit against Johnson & Johnson and its subsidiary Ethicon, Inc. for allegedly deceptively marketing transvaginal surgical mesh devices to women in Oregon by failing to disclose the dangerous complications sometimes arising from the devices.

Pennsylvania Attorney General Josh Shapiro [announced](#) a settlement with Temple University regarding false reporting by its Fox Business School to rankings publications, including U.S. News, to garner a No. 1 ranking for its online MBA program. The agreement includes \$250,000 in new scholarships for students. In other Pennsylvania news, Attorney General Shapiro [announced](#) his office has reached a settlement with travel websites Orbitz and Expedia following an investigation into a 2018 data breach.

Washington Attorney General Bob Ferguson [filed](#) a lawsuit against Johnson & Johnson, one of the largest suppliers of the raw materials used to produce opioid pain medications, accusing the multinational company of playing a key role in driving the entire pharmaceutical industry to vastly expand the use of prescription opioids. Attorney General Ferguson also asserts that Johnson & Johnson, along with several of its subsidiaries, fueled the opioid epidemic in Washington state by embarking on a massive deceptive marketing campaign and convincing doctors and the public

that their drugs are effective for treating chronic pain and have a low risk of addiction, contrary to overwhelming evidence.

West Virginia Attorney General Patrick Morrisey [warned](#) consumers to avoid falling prey to a scam where the caller attempts to steal personal information while claiming to represent an attorney general's office.

Wyoming Attorney General Bridget Hill [announced](#) a consumer protection settlement with a Cheyenne home renovation company, Grandpa's Shop, LLC, and its owner Luke Christensen. After a comprehensive investigation, the Attorney General filed a complaint against Grandpa's Shop, which also did business as GS Construction and GS Paints, asserting violations of the Wyoming Consumer Protection Act. The Complaint alleged that the contractor completed work without requisite licensing, misrepresented warranty terms, and failed to complete projects in a substantial workmanlike manner. Grandpa's Shop was dissolved on November 9, 2018, leaving unsatisfied consumers without relief.

The BBB [named](#) the top 10 scams of 2019 and [released](#) a study on rental property scams.

## Legislation

The president has [signed](#) into law the TRACED Act, giving the FCC and the FTC more tools to go after individuals and companies who break the law by making illegal robocalls. Fifty-four attorneys general wrote a [letter](#) in March of 2019 urging congress to pass the TRACED Act.

A bipartisan group of U.S. House of Representatives members [introduced](#) a bill that would tax e-cigarette companies and use the funds to pay for teacher training and educational materials that would inform students of the health risks of vaping.

## Veterans and Military News

Twenty-four attorneys general [won](#) a ruling that protects National Guard soldiers from losing their jobs, pay, and benefits after serving their communities on state active duty.

The U.S. Department of Justice [announced](#) that a California man plead guilty to his role in an identity theft and fraud scheme that victimized thousands of U.S. servicemembers and veterans.



## Upcoming Events

## **NAGTRI Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the Transnational Alliance to Combat Illicit Trade (TRACIT)**

Wednesday, January 15, 2:00 pm - 3:00 pm ET

Over the last decade, two powerful trends have combined to present alarming new risks to consumers:

- Retail eCommerce is showing a 265% growth rate, from \$1.3 trillion in 2014 to \$4.9 trillion in 2021. Reports show a future of steady upward growth with no signs of decline.
- Trade in fake products has grown by 154% from \$200 billion in 2005 to over \$500 billion in 2016, accounting for 3.3% of global trade. Similar information collected by US Customs shows that seizures of counterfeits and other illicit products at US borders has increased ten-fold.

Consequently, eCommerce platforms have become vulnerable to misuse and consumers exposed to the infiltration of illicit, illegal, fake, and potentially unsafe products. Moreover, it is the poorest, most disadvantaged consumers who are most vulnerable to illicit products, but it is also these consumers who tend to be the most vulnerable to fraud and other forms of illegal activities online.

There is an urgent need to address the prevalence of illicit products (including counterfeits) available to online consumers and to put in place protections to safeguard them from fraud, exploitation, and a variety of new online risks.

Presentation highlights: Forms of illicit trade available online; consumer risks and harms; avenues for addressing the problem; and recommendations.

[Click here](#) to register.

### **2020 NAGTRI Consumer Protection 101 Training**

February 11-13, 2020, Miami, Florida

This training will provide basic information about consumer protection cases. Participants will learn about federal and state consumer protection laws and important case law, the beginnings of a consumer protection case, pre-litigation discovery, enforcement actions, multistate investigations and working groups, the anatomy of a consumer settlement, and ethics in regard to undercover investigations.

This course is open to assistant attorneys general with fewer than 3 years of experience working on consumer protection cases. The deadline to submit a nomination has passed, but attorney general offices may pay to register additional staff.

[Click here](#) for more information.

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)





## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

**November 2019**



## **Consumer Chief of the Month: Chuck Harder**

From 1989 through 2016, I represented public utilities in rate, regulatory, and legislative matters before public utility commissions in nine states (AR, CO, LA, MN, MS, NE, OK, TX, and WY) and the Federal Energy Regulatory Commission. Before joining the Office of Arkansas Attorney General Leslie Rutledge, I served as the Vice President of Regulatory and Government Affairs for SourceGas LLC in Golden, Colorado, and I held legal and regulatory leadership positions over the course of 25 years at CenterPoint Energy, Inc. which is headquartered in Houston, Texas.

General Rutledge gave me the opportunity to join her staff in April 2016. I began in the Office's ratepayer advocate division. In May 2017, General Rutledge asked me to lead the Public Protection Division. The Division protects Arkansas consumers and the legitimate business community from deceptive trade practices, unfair business practices, and excessive utility rates or charges; mediates disputes between consumers and businesses; and educates the public regarding consumer issues.

[Read More](#) 

## **Article of the Month: Public Service Loan Forgiveness: States Deal with Sky-High Denial Rates**

**Joseph M. Sanders, Assistant Attorney General, Illinois  
Attorney General's Office**

The Public Service Loan Forgiveness (PSLF) program was enacted by Congress in 2007 to discharge federal student loans for borrowers who devoted ten years of their careers to public service. The first borrowers became eligible for discharge in October of 2017, and the problems with administration of the program quickly became apparent.

Application approval rates for PSLF loans are approximately one percent and the federal government has been unable to improve those rates since the beginning of the discharge period. States are taking action to address the problem in a number of ways. State attorneys general have sued servicers for a variety of unlawful conduct that affects program eligibility. New state laws on student



loan servicing have created new avenues for action. State banking regulators now have servicer oversight and new student loan ombuds are spearheading outreach initiatives to educate borrowers on the program.

[Read More](#) 



## Scam Alert:

[\*Social Media Gift Exchange May Be A Scam\*](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB [issued](#) a report with state-by-state comparisons of financial well-being scores. The scores are based on CFPB analysis of the Financial Industry Regulatory Authority Foundation's 2018 National Financial Capability Study. The report shows that the average financial well-being scores for all adults (ages 18 and older) in the United States ranged from a low of 50 in Mississippi to a high of 54 in California, the District of Columbia and Hawaii. For the United States, the average financial well-being score was 52. The highest possible score is 100.
- The CFPB [issued](#) an interpretive rule clarifying screening and training requirements for financial institutions which employ loan originators with temporary authority. The rule took effect on November 24, 2019.

## Federal Trade Commission:

- AT&T Mobility, LLC will [pay](#) \$60 million to settle litigation with the FTC over allegations that the wireless provider misled millions of its smartphone customers by charging them for "unlimited" data plans while reducing their data speeds.
- The FTC [obtained](#) a temporary restraining order halting an operation, Arete Financial Group, that allegedly bilked consumers out of millions of dollars by pretending to be affiliated with the U.S. Department of Education and falsely promising student loan debt relief.
- InfoTrax Systems, L.C., a Utah-based technology company, has [agreed](#) to implement a comprehensive data security program to settle FTC allegations that the company failed to put in place reasonable security safeguards, which allowed a hacker to access the personal information of a million consumers.
- The FTC has [released](#) the results of a comprehensive survey conducted in 2017 that examined the prevalence of mass-market consumer fraud, how it is perpetrated, and what factors are associated with a greater likelihood that a consumer may fall victim to fraud. The FTC conducted similar surveys in 2003, 2005, and 2011.
- The FTC [sued](#) a Nevada data storage services company, RagingWire Data Centers, Inc., over allegations that the company misled consumers about its participation in the EU-US Privacy Shield framework and failed to adhere to the program's requirements before allowing its certification to lapse.
- The FTC and the Utah Division of Consumer Protection [sued](#) Nudge, LLC and affiliated companies, alleging that they make empty promises about earning money by "flipping" houses, to convince consumers to buy real estate training packages that cost thousands of dollars. In a filing, the FTC and the Utah Division of Consumer Protection requested that a court prohibit Nudge and its affiliates from selling the packages.
- The FTC has [released](#) a new publication for online influencers that lays out the agency's rules of the road for when and how influencers must disclose sponsorships to their followers.
- The FTC will [host](#) a public workshop on January 28, 2020, to examine voice cloning technologies which enable users to make near-perfect reproductions of a real person's voice.

- The FTC [sued](#) the multi-level marketer Neora, LLC, formerly known as Nerium International, LLC, and its Chief Executive Officer, Jeffrey Olson, alleging that the company operates as an illegal pyramid scheme and falsely promises recruits they will achieve financial independence if they join the scheme.

## Securities and Exchange Commission:

- The SEC's Division of Enforcement [issued](#) its annual report for fiscal year 2019. The report details the division's efforts and initiatives on behalf of investors, highlights several significant actions, and presents the activities of the division from both a qualitative and quantitative perspective.
- The SEC [announced](#) an award to three individuals who jointly submitted a tip alerting the agency to a well-concealed fraud targeting retail investors.
- The SEC [announced](#) that it has filed an emergency action and obtained a temporary restraining order and asset freeze against two individuals and two companies they control in connection with an alleged \$6 million Ponzi scheme that defrauded at least 55 investors, many of whom are senior citizens or small business owners.
- The SEC [announced](#) that it has filed an emergency action and obtained an asset freeze against the operators of a South Florida-based investment scheme that defrauded over 100 retail investors, many of whom are seniors.

## In other federal news:

- The Social Security Administration [announced](#) the launch of a dedicated online form at <https://oig.ssa.gov> to receive reports from the public of Social Security-related scams. These scams, in which fraudulent callers mislead victims into making cash or gift card payments to avoid arrest for purported Social Security number problems, skyrocketed over the past year to become the #1 type of fraud reported to the Federal Trade Commission and the Social Security Administration.
- The U.S. Department of Justice [announced](#) that six Nevada area residents were charged with running a fraudulent mass-mailing scheme that tricked hundreds of thousands of consumers into paying more than \$10 million in fees for falsely promised cash prizes.
- The U.S. Department of Justice [announced](#) that two Massachusetts men were arrested and charged in U.S. District Court in Boston with conducting an extensive scheme to take over victims' social media accounts and steal their cryptocurrency using techniques such as "SIM swapping," computer hacking, and other methods.

## Attorney General Consumer Protection News and Other Items of Interest

Arkansas Attorney General Leslie Rutledge [announced](#) a lawsuit alleging multiple Arkansas Deceptive Trade Practice Act violations against Scott Stewart and his company Slabtown Customs. Consumers reported to the attorney general's office that Stewart demanded large deposits for custom-built homes and then failed to complete the work or refund the payments.

California Attorney General Xavier Becerra, Los Angeles District Attorney Jackie Lacey and the County of Los Angeles [announced](#) a lawsuit against San Francisco-based electronic cigarette maker, JUUL Labs, Inc (JUUL). The lawsuit alleges that, contrary to the company's claims that its product is aimed only at adults, JUUL targeted young people through advertising and failed to give warnings about the product's chemical exposure and risks for cancer, birth defects, and reproductive harm. It also alleges that JUUL unlawfully failed to verify the age of California consumers and then violated the privacy rights of minors by keeping the personal email addresses of underage individuals who failed age verification on their website and using those email addresses to send them marketing materials.

District of Columbia Attorney General Karl A. Racine [announced](#) a lawsuit against JUUL Labs, Inc., a major e-cigarette manufacturer, and its original parent company, for allegedly purposely marketing nicotine products to teenagers and misleading consumers about their highly-addictive quality.



Florida Attorney General Ashley Moody [released](#) a guide for safer holiday shopping. This year's guide contains information and tips on secure online shopping, charity-related scams, item recalls and more. The 2019 Holiday Consumer Protection Guide is also available in Spanish.

Georgia Attorney General Chris Carr [warned](#) Georgians about scammers operating under the veil of potential employers.

Indiana Attorney General Curtis Hill has [prevailed](#) in a case against two individuals who operated a home-improvement company in Hamilton County that scammed money from 63 Hoosiers, including 33 senior citizens.

Kentucky Attorney General Andy Beshear [announced](#) that his office has shut down a fraudulent telemarketing operation that promised U.S. consumers it could recover money lost from investment fraud for a non-refundable "research fee."

Louisiana Attorney General Jeff Landry [encouraged](#) consumers to be mindful of several children's products that have recently been recalled.

Maryland Attorney General Brian E. Frosh's Consumer Protection Division [warned](#) consumers of a "lottery" mail scam targeting Marylanders.

Massachusetts Attorney General Maura Healey [announced](#) that a used car dealership based in Framingham and its owner have agreed to a \$925,000 judgment that includes restitution to consumers to resolve allegations that the business engaged in unfair and deceptive sales practices that violated Massachusetts consumer protection law.

Michigan Attorney General Dana Nessel [warned](#) Michiganders about scammers posing as public health officials to steal personal information.

Missouri Attorney General Eric Schmitt [issued](#) a consumer alert regarding scammers impersonating the International Monetary Fund to obtain money and personal identifying information.

New York Attorney General Letitia James [announced](#) a lawsuit against the electronic cigarette company JUUL Labs, Inc. for allegedly deceptive and misleading marketing of its e-cigarettes, which contributed to the ongoing youth vaping epidemic in New York State.

Texas Attorney General Ken Paxton [warned](#) Texans about reported scam callers falsely claiming to be members of the OAG's Crime Victim Services Division and attempting to obtain personal and financial information from members of the public.

Virginia Attorney General Mark R. Herring [filed suit](#) against opioid manufacturer Teva Pharmaceuticals, USA, Inc. and its predecessor, Cephalon, Inc. for engaging in what he alleges is an unlawful, complex, decades-long campaign to boost sales of fentanyl, the most potent narcotic currently approved for human use, by marketing its rapid acting fentanyl drugs for unapproved and unsafe uses, and by knowingly and intentionally downplaying the risks of its drugs while overselling the benefits.

Washington Attorney General Bob Ferguson [urged](#) consumers to be on the lookout for websites posing as the state's health insurance marketplace.

West Virginia Attorney General Patrick Morrisey [filed](#) suit against two major opioid painkiller manufacturers. The lawsuits allege Endo Health Solutions Inc., Mallinckrodt LLC and various subsidiaries contributed to the opioid crisis by individually engaging in strategic campaigns to deceive prescribers and misrepresent the risks and benefits of opioid painkillers.

AT&T, Sprint, T-Mobile, and Verizon all have free [solutions](#) to stop robocalls.

BBB has [archived](#) its studies on scams including fake check, free trial, online romance, tech support, and others.

## Charities

As a result of Washington Attorney General Bob Ferguson's consumer protection lawsuit, a King County Superior Court judge [ruled](#) that from 2009 to the present, for-profit Value Village deceived consumers into believing the

company is a nonprofit or a charity and that purchases benefited charities, when they do not. The judge ruled that Value Village knew or should have known its advertising was deceptive. In other Washington news, Attorney General Ferguson [announced](#) a lawsuit against non-profit organization Veterans Independent Enterprises of Washington (VIEW) and its operations manager, Rosemary Hibbler. Ferguson asserts Hibbler spent hundreds of thousands of dollars of the organization's money for personal gain, including ATM withdrawals at casinos and her own personal bills. Meanwhile, VIEW failed to pay for repairs to veteran housing, wages to its veteran employees, and, at one point, laid off its entire staff and asked them to "volunteer" their labor.

## Legislation

Four members from both parties of the Senate Commerce, Science, and Transportation Committee have [introduced](#) the Harvesting American Cybersecurity Knowledge through Education Act, a bill to expand the country's cybersecurity workforce.

Four senators [filed](#) a bill that would strengthen the FTC's enforcement powers over tech companies as they relate to digital privacy.

House and Senate lawmakers [announced](#) they have reached an agreement on an anti-robocall bill with hopes that it will be signed by the president.

## Veterans and Military News

Forty-four attorneys general [urged](#) Congress to further support veterans by passing the Veteran Treatment Court Coordination Act of 2019. House Resolution 886 would establish a Veteran Treatment Court Program in the United States Department of Justice to provide grants and technical assistance to state, local and tribal courts that implement Veteran Treatment Courts.

Florida Attorney General Ashley Moody [announced](#) a new partnership to bolster ongoing efforts to protect Florida veterans and service members. The partnership between the Florida Attorney General's Military and Veteran Assistance Program and Bay Area Legal Services' Florida Veterans Legal Helpline will allow for a more rapid response to fraud, identity theft and other legal issues confronting current and former military members.

West Virginia Attorney General Patrick Morrisey [urged](#) consumers to exercise caution when giving charitable donations to military veteran charities.

The CFPB [announced](#) settlements with Edmiston Marketing, LLC, also called Easy Military Travel, its principal, Brandon Edmiston, and USA Service Finance, LLC (USASF). Easy Military Travel, which was located in Murray, Kentucky and is no longer operating, offered and extended financing for airline tickets to military servicemembers and their families and was owned and managed by Edmiston. USASF, which is located in Mayfield, Kentucky, is a company that services travel-related loans, including loans made by Easy Military Travel, for servicemembers. The CFPB found that Easy Military Travel and Edmiston misrepresented the true cost of credit in violation of the Consumer Financial Protection Act of 2010. The CFPB found that USASF, which serviced travel loans made by Easy Military Travel, engaged in deceptive practices in violation of the CFPA by overcharging servicemembers and their families for a debt-cancellation product for loans financing airline tickets made by Easy Military Travel and purchased and serviced by USASF.

The FTC [found](#) that veterans experience a higher rate of financial loss to fraud compared to the general public.

## Upcoming Events

**2020 NAGTRI Consumer Protection 101 Training**  
February 11-13, 2020, Miami, Florida

This training will provide basic information about consumer protection cases. Participants will learn about federal and state consumer protection laws and important case law, the beginnings of a consumer protection case, pre-litigation discovery, enforcement actions, multistate investigations and working groups, the anatomy of a consumer settlement, and ethics in regard to undercover investigations.

This course is open to assistant attorneys general with fewer than 3 years of experience working on consumer protection cases. The deadline to submit a nomination is Tuesday, December 10, 2019.

[Click here](#) for more information.

[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

The National Attorneys General Training & Research Institute, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

October 2019



### Consumer Chief of the Month: Joseph E. Potchen

"Si Quaeris Peninsulam Amoenam Circumspice"

"If you seek a pleasant peninsula, look about you."

A version of the State of Michigan's motto is on display every day at the Michigan Attorney General's office. I am blessed to work with pleasant people everywhere I look. It is also a privilege to be working on consumer protection matters under Attorney General Dana Nessel, who has made consumer protection one of her key priorities since taking office earlier this year.

Before joining the Michigan AG's office in 1994, I spent four years practicing law in Chicago, where I met my wonderful wife. After the birth of our first child, I moved back to my home state and started with the office under Attorney General Frank Kelley, also known as the "Eternal General" because he served in the position for 37 years.

[Read More](#) ➔

### Article of the Month: School Fundraising Scams on the Rise

**John W. Garrigan, Assistant Attorney General, Consumer Protection and Antitrust Bureau, New Hampshire Department of Justice**

The New Hampshire Attorney General's Office has seen a sharp rise over the last few years in the number of instances of scams by out-of-state third-party companies that target local businesses under the guise of supporting local public schools and sports teams. These scams are difficult to prevent and even more difficult to address through state enforcement powers due to the logistical hurdles of engaging in legal process in other states.

[Read More](#) ➔







## Scam Alert:

[Beware of Scams When Activating New Device](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB, along with the Attorneys General of Minnesota and North Carolina, and the Los Angeles City Attorney, [announced](#) an action to halt a student-loan debt-relief operation engaged in allegedly unlawful conduct and consisting of several related companies: Consumer Advocacy Center Inc., which does business as Premier Student Loan Center; True Count Staffing Inc., also known as SL Account Management; and Prime Consulting LLC, which is known as Financial Preparation Services. Defendants also include Albert Kim, Kaine Wen, and Tuong Nguyen, whom the CFPB alleges substantially assisted the student-loan debt-relief companies. The CFPB alleges that since at least 2015, the debt-relief companies operated as a common enterprise and deceived thousands of federal-student-loan borrowers and charged over \$71 million in unlawful advance fees in connection with the marketing and sale of student-loan debt-relief services to consumers. A complaint and request for a temporary restraining order was filed in federal court in California.
- The U.S. Supreme Court will [review](#) the constitutionality of the CFPB structure.
- The CFPB announced that it will hold a [symposium](#) on Section 1071 of the Dodd-Frank Act on November 6, 2019 at 9:30 a.m. The event will be webcast on the CFPB's website.
- The CFPB Private Education Loan Ombudsman [issued](#) the 2019 Annual Report showing that from September 1, 2017 through August 31, 2019, the Bureau handled approximately 20,600 complaints related to private or federal student loans.
- CFPB Director Kathleen L. Kraninger [announced](#) the appointment of members to the Consumer Advisory Board, Community Bank Advisory Council, Credit Union Advisory Council, and Academic Research Council. These experts advise CFPB leadership on a broad range of consumer financial issues and emerging market trends.
- The CFPB [issued](#) a rule which finalizes certain aspects of its May 2019 Notice of Proposed Rulemaking under the Home Mortgage Disclosure Act (HMDA). It extends for two years the current temporary threshold for collecting and reporting data about open-end lines of credit under HMDA. The rule also clarifies partial exemptions from certain HMDA requirements which Congress added in the Economic Growth, Regulatory Relief, and Consumer Protection Act.
- The CFPB [announced](#) that it will establish a taskforce to examine ways to harmonize and modernize federal consumer financial laws.

## Federal Trade Commission:

- The FTC [sued](#) a publisher called Agora Financial, LLC, alleging that it tricks seniors into buying books, newsletters, and other publications that falsely promise a cure for type 2 diabetes or promote a phony plan to help them cash in on a government-affiliated check program.
- The FTC [announced](#) a joint warning letter issued with the U.S. Food and Drug Administration to Rooted Apothecary, LLC for selling products containing cannabidiol online with potentially unsubstantiated claims that the products can treat autism, attention-deficit/hyperactivity disorder, as well as Parkinson's and Alzheimer's, among other conditions.
- The FTC has [barred](#) the developers of three "stalking" apps from selling apps that monitor consumers' mobile devices unless they take certain steps to ensure the apps will only be used for legitimate purposes. The settlement resolves allegations that these apps compromised the privacy and security of the consumer devices on which they were installed. The apps are MobileSpy, PhoneSheriff, and TeenShield.
- The FTC released a [report](#) to Congress that details fraud reports from older consumers.

- The FTC [extended](#) the deadline to submit comments on the effectiveness of the amendments the agency made to the Children's Online Privacy Protection Rule in 2013 and whether additional changes are needed. The deadline was originally October 23, 2019; it is now December 9, 2019.
- The FTC [issued](#) the National Do Not Call Registry Data Book for Fiscal Year 2019.
- NatureCity, LLC, Carl Pradelli, and Beth Pradelli, Florida-based marketers and sellers of two aloe vera-based supplements, have [agreed](#) to settle FTC charges that they deceived consumers with false and unsupported claims that two products, TrueAloe and AloeCran, were effective treatments for a range of conditions affecting seniors, including chronic pain, ulcerative colitis, diabetes, and acid reflux.
- The FTC has [announced](#) a call for research presentations on consumer privacy and security issues, with a particular focus on health applications (apps), for the agency's fifth annual PrivacyCon, which will take place on July 21, 2020.
- Craig N. Chrest, the operator of a job placement company that deceived consumers with false promises of access to high-paying finance jobs and resume repair services for non-existent jobs, will be permanently [banned](#) from providing employment services under the terms of a settlement with the FTC.
- A federal court has [entered](#) a temporary restraining order against Utah-based Zurixx, LLC and affiliated companies, which the FTC and the Utah Division of Consumer Protection allege used deceptive promises of big profits to lure consumers into real estate seminars costing thousands of dollars.
- The FTC has [issued](#) orders to six e-cigarette manufacturers seeking information to study the companies' sales, advertising, and promotional methods. The orders were sent to: JUUL Labs, Inc.; R.J. Reynolds Vapor Company; Fontem US, Inc.; Logic Technology Development LLC; Nu Mark LLC; and NJOY, LLC.
- According to a new FTC [analysis](#) of consumer complaint data, millennials are 25 percent more likely to report that they have lost money to fraud than consumers aged 40 and over.
- Multi-level marketer AdvoCare International, L.P. and its former chief executive officer [agreed](#) to pay \$150 million and be banned from the multi-level marketing business to resolve FTC charges that the company operated an illegal pyramid scheme that deceived consumers into believing they could earn significant income as "distributors" of its health and wellness products.

## Securities and Exchange Commission:

- The SEC Office of Investor Education and Advocacy [issued](#) a warning to investors about phony certificates of deposit.
- The SEC's Office of Investor Education and Advocacy and Retail Strategy Task Force [released](#) new videos and Investor Alerts to help show investors what fraud looks like.

## In other federal news:

- The U.S. Department of Justice [announced](#) that a federal judge in the Eastern District of New York has ordered 15 individuals and companies to permanently cease their involvement with fraudulent mailings. According to a complaint filed by the United States in November 2018, the defendants mailed, or assisted the mailing of, thousands of solicitations stylized as individualized notices, which falsely stated recipients had won large sums of money or valuable prizes, but needed to pay a fee to claim the winnings.
- The U.S. Department of Justice [announced](#) that a California resident was charged with leading a telemarketing conspiracy to defraud and extort U.S. Spanish-speaking consumers.
- A federal court largely [upheld](#) the Federal Communications Commission's repeal of net neutrality rules, but the court struck down a provision that blocked states from passing their own net neutrality laws.
- The U.S. Commodity Futures Trading Commission [charged](#) Jon Barry Thompson of Easton, Pennsylvania, with knowingly or recklessly making false representations to customers in connection with the purported purchase of bitcoin worth over \$7 million.
- The FBI's Internet Crime Complaint Center (IC3) [released](#) a PSA titled "High-Impact Ransomware Attacks Threaten U.S. Businesses and Organizations."

## Attorney General Consumer Protection News and Other Items of Interest

Forty-six attorneys general sent [letters](#) to leading U.S. online vendors, asking them to undertake certain steps to curtail illegal alcohol sales online. Letters were sent to Craigslist, eBay, and Facebook.

Forty-two attorneys general [reached](#) a \$116.9 million settlement with Johnson & Johnson and its subsidiary Ethicon, Inc. for their deceptive marketing of transvaginal surgical mesh devices. The settlement is the result of an investigation that found the companies violated state consumer protection laws by misrepresenting the safety and effectiveness of the devices and failing to sufficiently disclose risks associated with their use. The companies will also be required to provide comprehensive information about the product's risks going forward.

Twenty-five attorneys general [filed](#) two briefs in federal bankruptcy court opposing a request by Purdue Pharma to stop all lawsuits against the company and the Sackler family.

Four attorneys general [announced](#) that they secured a \$48 billion agreement in principle with Cardinal Health, McKesson, AmerisourceBergen, Johnson & Johnson, and Teva for their roles in fueling the opioid epidemic. The framework agreed upon includes \$22.25 billion in cash and \$26 billion in medication-assisted treatment drug provision and distribution over 10 years.

Arizona Attorney General Mark Brnovich announced his office [filed](#) a consumer fraud lawsuit against Choice Home Warranty for allegedly making false promises to consumers who purchased a home warranty policy.

Arkansas Attorney General Leslie Rutledge [took](#) legal action against three online e-cigarette retailers for allegedly violating the Arkansas Deceptive Trade Practices Act by selling and shipping nicotine products and devices, including e-cigarettes, to Arkansas children without age verification.

California Attorney General Xavier Becerra [released](#) to the public proposed regulations under the California Consumer Privacy Act (CCPA). The CCPA was introduced as Assembly Bill 375 and signed into law on June 28, 2018. The law provides consumers with groundbreaking new rights on the use of their personal information. The law mandates that on or before July 1, 2020, the Office of the Attorney General promulgate and adopt implementing regulations for the CCPA. The comment period regarding these proposed regulations has now begun. In other California news, Attorney General Becerra [filed](#) an amended complaint in his lawsuit against Purdue Pharma, adding eight members of the Sackler family.

Florida Attorney General Ashley Moody [announced](#) a lawsuit against Air Time Air Conditioning and Heating, Inc. and its principal Anthony Gonzalez. Air Time allegedly deceived many consumers, including seniors, with high-priced quotes for unnecessary service or unneeded replacement of air conditioning systems or parts. In other Florida news, Attorney General Moody [announced](#) a major investigation into vaping companies doing business in Florida. The consumer protection action is looking into the marketing and selling practices of e-cigarette products by more than 20 companies selling in Florida.

Georgia Attorney General Chris Carr [announced](#) the release of a new cybersecurity resource, the *Cybersecurity in Georgia* guide, for Georgia small businesses, non-profit organizations, and houses of worship.

Indiana Attorney General Curtis Hill [filed](#) a lawsuit against three drug distributors responsible for a commanding share of the prescription opioids sold to Indiana pharmacies during the relevant time period. The complaint alleges that AmerisourceBergen Drug Corp., Cardinal Health and McKesson Corp. violated Indiana law by: 1) designing flawed systems that failed to adequately identify, report and prevent the shipment of suspicious orders for opioids; 2) failing to adhere to the terms of their own anti-diversion programs for opioids; and 3) unfairly and deceptively marketing prescription opioids.

Maryland Attorney Brian E. Frosh [announced](#) that his Consumer Protection Division has filed charges against John Eberl for allegedly taking money from consumers for home improvement projects, but failing to provide the work or refund the money.

Michigan Attorney General Dana Nessel issued a [notice](#) of intended action against a puppy mill allegedly running an inhumane and unsanitary puppy peddling operation in Hillsdale County, Michigan.

Minnesota Attorney General Keith Ellison [announced](#) that his office has obtained a court order halting Steven Meldahl, the landlord of 25 properties in North Minneapolis, from retaliating against his tenants when they contact city housing inspectors. The order was a result of his office's lawsuit against Meldahl alleging he preys on low-income tenants in a systematic and widespread "eviction for profit" scheme.

Nevada Attorney General Aaron D. Ford and his [Home Again: Nevada Homeowner Relief Program](#) unveiled a series of commercials to raise awareness about free housing and resources to guard against scams.

North Carolina Attorney General Josh Stein [submitted](#) additional filings related to his cases against Purdue Pharma and eight members of the Sackler family. Specifically, Purdue has sued Attorney General Stein seeking to stop his cases against it and the Sacklers due to the Purdue bankruptcy. Attorney General Stein's filings oppose that effort.

Northern Mariana Islands Attorney General Edward Manibusan [encouraged](#) residents to report incidents of price gouging in the wake of natural disasters.

Oregon Attorney General Ellen Rosenblum [filed](#) a lawsuit against the Vancouver, Washington company U.S. Air Ducts, its owners and their associated companies for allegedly violating Oregon's Unlawful Trade Practices Act by using deceptive marketing practices to make over 11 million unwanted robocalls to Oregon phone numbers and sending 20 million print advertisements promising a "whole house" or "seasonal" cleaning at a special price.

Tennessee Attorney General Herbert H. Slatery III [announced](#) that the Tennessee Division of Consumer Affairs will be transferred to the Office of the Attorney General of Tennessee from the state's Department of Commerce and Insurance.

Texas Attorney General Ken Paxton [warned](#) consumers in areas affected by recent bad weather to guard against contracting scams as they prepare to rebuild and offered tips to safeguard against unscrupulous individuals looking to take advantage of vulnerable Texans.

Washington Attorney General Bob Ferguson [announced](#) that Kirkland and Portland-based Real Estate Investment Network, LLC will be required to dissolve and pay up to \$85,000 for scamming foreclosed homeowners out of equity in the form of surplus funds remaining after the sale.

West Virginia Attorney General Patrick Morrisey's Consumer Protection Division [alerted](#) consumers to be on guard for Social Security, Medicare, call spoofing, sweepstakes scams, as recent calls and reports indicate ongoing occurrences of each in the Mountain State.

The BBB, FINRA, and the Stanford Center on Longevity published a [report](#) titled "Exposed to Scams: What Separates Victims From Non-Victims?"

Fraud.org [reports](#) that scammers are turning to fake Google Calendar invites to defraud consumers.

Juul [announced](#) the suspension of sales of some flavors of its e-cigarettes.

## Charities

The FTC, the National Association of State Charities Officials, and state charities regulators across the country [joined](#) with partners around the globe for this year's International Charity Fraud Awareness Week (ICFAW), which took place October 21-25, 2019. ICFAW is a coordinated international campaign to help charities and consumers avoid charity fraud and promote wise giving.

New York Attorney General Letitia James [sued](#) NYCharities.org, an online fundraising platform, for failing to distribute more than \$750,000 in contributions to charities throughout New York.

A federal court struck [down](#) a New York donor law that required nonprofits to disclose certain donor information.

## Legislation

Senator Ron Wyden (D-OR) is [advancing](#) his data privacy bill, the "Mind Your Own Business Act." The bill would give the Federal Trade Commission more power, including the ability to fine tech companies for user privacy violations.

Representatives Eddie Bernice Johnson (D-TX) and Jeff Fortenberry (R-NE) [introduced](#) the Hotel Advertising Transparency Act of 2019 to do away with the practice of tacking on extra charges that aren't shown in the upfront room rate for hotels, often referred to as resort fees.



# Veterans and Military News

The CFPB and the South Carolina Department of Consumer Affairs [filed](#) a lawsuit in federal district court in the District of South Carolina against Katharine Snyder, Performance Arbitrage Company, Inc., and Life Funding Options, Inc. The companies, owned and operated by Snyder, brokered contracts offering high-interest credit to veterans, many of whom are disabled, and to other consumers. The CFPB alleges that the companies and their owner violated the Consumer Financial Protection Act's prohibition against deceptive acts or practices.

The FTC [announced](#) that many members of the military will have access to free credit monitoring starting on October 31.

The SEC will [host](#) a Veterans Day program on Tuesday, Nov. 12. The program will feature a conversation with SEC Chairman Jay Clayton and Colonel James Tuite of the U.S. Army's "Old Guard" that will focus on financial readiness, including the basics of saving, investing, preparing for retirement and avoiding scams, for an audience of active duty service members and veterans.

The U.S. Department of Justice [announced](#) that a former civilian medical records administrator for the U.S. Army at the 65th Medical Brigade, Yongsan Garrison, South Korea, admitted to his role in an identity-theft and fraud scheme that victimized thousands of U.S. servicemembers and veterans.

The U.S. Department of Justice [filed](#) a complaint in the United States District Court for the District of Colorado on behalf of Naval Petty Officer Third Class Lindsey Hunger against Walmart Inc. The complaint alleges that Walmart violated the Uniformed Services Employment and Reemployment Rights Act when it declined to hire Hunger due to her upcoming naval reserve duties.

## Upcoming Events

### **2019 Fall Consumer Protection Conference** November 5-7, 2019, Omaha, Nebraska

This year's NAAG Consumer Protection Fall Conference will be held in Omaha, Nebraska at the Omaha Marriott Downtown at the Capitol District from Nov. 5-7, 2019. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Tuesday, November 5 from approximately 11:30 am until 7:30 pm, the private, nonprofit, and government sectors are invited to attend the public portion of the conference, which also includes lunch and an evening reception.

Sessions during the public portion of the conference include an attorney general welcome and comments, as well as sessions on CBD/Hemp Products, Data Security Issues Relating to Lawyers and Law Firms, and Payment Apps. There will also be an open-mic discussion of private sector issues. The public day agenda can be found [here](#).

[Click here](#) for more information. While online registration is now closed, onsite registration will be available.

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

September 2019



### Consumer Chief of the Month: Melissa Wright, Ohio

Hello from the Buckeye State! Although Ohio is obsessed with football this time of year, I'll spare everyone the "OH - IO" chant... (Maybe).

I began my career in the Attorney General's Office as a legal intern in what was then the Capital Crimes Section. Upon graduation from law school, I started as an Assistant Attorney General in the Consumer Protection Section, where I worked on a myriad of consumer protection matters involving everything from the (unfortunately all too common) standard home improvement cases to nationwide auto recall cases to prosecuting defendants for the marketing and sale of illegal bath salts. After nine years in the section, I became the Assistant Chief in 2013 and was promoted to Section Chief in 2019 under the Yost Administration.

[Read More](#) ➔

### Article of the Month: Eight Tips for Better Legal Writing

**Rebecca McCormack, Assistant Attorney General, South  
Carolina Attorney General's Office**

Growing up, I thought strong oral advocacy was the hallmark of a successful lawyer. In practice, however, I have found that effective legal writing skills are equally valuable. Judges place significant weight on arguments made in your legal writing, and a compelling brief is often the best way to make an impact on the court. With that in mind, the following are some legal writing pointers I have learned along the way that I hope will be beneficial in your consumer protection cases.

[Read More](#) ➔





## Scam Alert:

[Be Wary of Free Trial Offers](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB, working in partnership with multiple state regulators, [launched](#) the American Consumer Financial Innovation Network (ACFIN), a network to enhance coordination among federal and state regulators to facilitate financial innovation. The CFPB invited all state regulators to join ACFIN, and the initial members of ACFIN are the Attorneys General of: Alabama, Arizona, Georgia, Indiana, South Carolina, Tennessee, and Utah.
- CFPB [filed](#) a complaint in federal court in the Central District of California against Certified Forensic Loan Auditors, LLC (CFLA), Andrew Lehman (Lehman), and Michael Carrigan. The complaint alleges that CFLA and Lehman have engaged in deceptive and abusive acts and practices and have charged unlawful advance fees in connection with the marketing and sale of financial advisory and mortgage assistance relief services to consumers.
- The CFPB issued three new policies to promote innovation and facilitate compliance: the No-Action Letter Policy, Trial Disclosure Program Policy, and Compliance Assistance Sandbox Policy. The CFPB proposed the policies in 2018 and received public comments on each from a diverse array of stakeholders. More information on each policy can be found [here](#).
- The CFPB [announced](#) that it will continue the publication of consumer complaints, data fields and narrative descriptions through the CFPB's Consumer Complaint Database while making several enhancements to the information available to users of the database. The enhancements include: modified disclaimers to provide better context to the published data; integrating financial information and resources into the complaint process to help address questions and better inform consumers before they submit a complaint; and information to assist consumers who wish to contact the financial company to get answers to their specific questions. The CFPB will also work to provide enhanced features for the database that include dynamic visualization tools on recent complaint data.
- The CFPB [filed](#) a lawsuit in the federal district court in the District of Maryland against FCO Holding, Inc. and its subsidiaries, Fair Collections & Outsourcing, Inc., Fair Collections & Outsourcing of New England, Inc., and FCO Worldwide, Inc. The entities are Maryland-based debt collectors that operate collectively under the name Fair Collections & Outsourcing and FCO. Also named in the CFPB's lawsuit is Michael E. Sobota, the chief executive officer, president, director, and owner of FCO Holding, Inc. The CFPB's complaint alleges that FCO violated the Fair Credit Reporting Act.

## Federal Trade Commission:

- Google LLC and its subsidiary YouTube, LLC will [pay](#) a record \$170 million to settle allegations by the FTC and the New York Attorney General that the YouTube video sharing service illegally collected personal information from children without their parents' consent. The settlement requires Google and YouTube to pay \$136 million to the FTC and \$34 million to New York for allegedly violating the Children's Online Privacy



Protection Act (COPPA) Rule. The \$136 million penalty is by far the largest amount the FTC has ever obtained in a COPPA case since Congress enacted the law in 1998. The Commission voted 3-2 to authorize the complaint and stipulated final order to be filed. Commissioner [Rohit Chopra](#) and Commissioner [Rebecca Kelly Slaughter](#) issued dissenting statements.

- AH Media Group, the operators of a deceptive negative option scheme, have [agreed](#) to a court-ordered preliminary injunction temporarily barring them from a wide range of conduct. The preliminary injunction stops the defendants from misleading consumers about supposedly "free trial" offers, enrolling them in unwanted continuity plans, billing them without their authorization, and making it nearly impossible for them to cancel or get their money back.
- Following a public comment period, the FTC [approved](#) a final order settling charges against an Iowa-based auto dealer software provider, LightYear Dealer Technologies, LLC, that allegedly failed to take reasonable steps to secure consumers' data, leading to a breach that exposed the personal information of millions of consumers.
- The FTC [sent](#) warning letters to three companies that sell oils, tinctures, capsules, "gummies," and creams containing cannabidiol, a chemical compound derived from the cannabis plant. The letters warn the companies, which the FTC is not identifying publicly, that it is illegal to advertise that a product can prevent, treat, or cure human disease without competent and reliable scientific evidence to support such claims.
- The FTC [charged](#) the operators of two similar student loan debt relief schemes, Manhattan Beach Ventures and Student Advocates Team, and a financing company, Equitable Acceptance Corporation, that assisted them, with bilking millions of dollars from consumers. The State of Minnesota is a co-plaintiff in the action against Manhattan Beach Ventures.
- Miami Beach-based retailer Truly Organic Inc. and its founder and CEO, Maxx Harley Appelman, will pay \$1.76 million to [settle](#) a FTC complaint alleging that their nationally marketed bath and beauty products are neither "100% organic" nor "certified organic" by the U.S. Department of Agriculture.
- The FTC and the CFPB will [host](#) a public workshop on December 10, 2019, to discuss issues affecting the accuracy of both traditional credit reports and employment and tenant background screening reports.
- The two principals of the Apex Capital Group Internet marketing operation and the 12 corporate defendants they controlled have [agreed](#) to court orders settling the FTC's allegations related to their alleged operation of a multi-national scheme to defraud consumers via deceptive "free trial" offers and negative option continuity plans.
- Under a proposed consent [order](#), Belize's Atlantic International Bank Limited will pay \$23 million, representing approximately all of its U.S.-based assets, to settle FTC charges that it assisted various related entities (the Sanctuary Belize Enterprise) in deceiving U.S. consumers as part of a scheme to sell property in Sanctuary Belize.
- The FTC [sued](#) online dating service Match Group, Inc., the owner of Match.com, Tinder, OKCupid, PlentyOfFish, and other dating sites, alleging that the company used fake love interest advertisements to trick hundreds of thousands of consumers into purchasing paid subscriptions on Match.com.

## In other federal news:

- The FBI's Internet Crime Complaint Center (IC3) [released](#) a PSA titled "Business Email Compromise The \$26 Billion Scam." IC3 also [released](#) a PSA titled "Perpetrators Use Various Methods to Deceive and Defraud Elderly Victims for Financial Gain."
- Federal authorities [announced](#) a significant coordinated effort to disrupt business email compromise schemes that are designed to intercept and hijack wire transfers from businesses and individuals, including many senior citizens. Operation reWired, a coordinated law enforcement effort by the U.S. Department of Justice, U.S. Department of Homeland Security, U.S. Department of the Treasury, U.S. Postal Inspection Service, and the U.S. Department of State, was conducted over a four-month period, resulting in 281 arrests in the United States and overseas, including 167 in Nigeria, 18 in Turkey, and 15 in Ghana. Arrests were also made in France, Italy, Japan, Kenya, Malaysia, and the United Kingdom. The operation also resulted in the seizure of nearly \$3.7 million.
- The U.S. Commodity Futures Trading Commission [issued](#) an order filing and simultaneously settling charges against Phillip Capital Inc. (PCI), a registered futures commission merchant, for allowing cyber criminals to breach PCI email systems, access customer information, and successfully withdraw \$1 million in PCI customer funds. The order also finds that PCI failed to disclose the cyber breach to its customers in a timely manner. Finally, the order finds that PCI failed to supervise its employees with respect to cybersecurity policy and procedures, a written information systems security program, and customer disbursements.

- The SEC [instituted](#) a settled order against three Raymond James entities for improperly charging advisory fees on inactive retail client accounts and charging excess commissions for brokerage customer investments in certain unit investment trusts.

# Attorney General Consumer Protection News and Other Items of Interest

Twenty-seven attorneys general [signed](#) onto the preliminary framework of a settlement with Purdue Pharma to protect their interests before Purdue Pharma filed for bankruptcy. The framework will allow the attorneys general to continue discussions with Purdue Pharma about how an agreement might be reached over the company's role in advancing the nation's opioid crisis.

Twenty-seven attorneys general [urged](#) the CFPB to revise its proposed debt collection rule to protect consumers from debt collection misconduct.

Delaware Attorney General Kathy Jennings [sued](#) seven members of the Sackler family for their role in creating and sustaining the opioid crisis in Delaware. The complaint alleges that, through their controlling stake in Purdue and their intricate involvement in company operations, the Sackler defendants managed, controlled, and directed a decades-long pattern of aggressive sales tactics, misleading literature, and false claims.

Florida Attorney General Ashley Moody [launched](#) a new website seeking to educate Floridians about the dangers of misusing prescription painkillers and other opioids such as heroin and fentanyl. The website, called Dose of Reality, provides a one-stop shop of information about opioid addiction and resources to use for businesses, caregivers, educators, medical professionals, parents, seniors, servicemembers, students, veterans, and others.

Illinois Attorney General Kwame Raoul [filed](#) a lawsuit against Johnson & Johnson; Janssen Pharmaceuticals, Inc.; Ortho-McNeil-Janssen Pharmaceuticals, Inc.; Janssen Pharmaceutica, Inc.; Endo Health Solutions Inc.; Endo Pharmaceuticals Inc.; Teva Pharmaceutical Industries Limited; Teva Pharmaceuticals USA, Inc.; Cephalon, Inc.; Allergan Finance, LLC; Actavis Pharma, Inc.; Actavis LLC; Watson Laboratories, Inc.; McKesson Corporation; Cardinal Health, Inc.; and AmerisourceBergen Drug Corporation for their roles in the opioid epidemic. According to the lawsuit, the opioid manufacturers allegedly carried out unfair and deceptive marketing campaigns that prioritized profits over public health and resulted in unprecedented levels of opioid prescribing, while the distributors irresponsibly flooded Illinois with opioids, failing in their role as gatekeepers in preventing the diversion of opioids.

Massachusetts Attorney General Maura Healey [announced](#) that she has sued the Boston Language Institute and its owner for misleading customers and violating the state's consumer protection law.

Following the abrupt closure of MyPayrollHR that left workers in Michigan and other states without paychecks and overdrafted accounts, Michigan Attorney General Dana Nessel [issued](#) a consumer alert outlining the steps employees and employers should take to protect themselves.

Minnesota Attorney General Keith Ellison [launched](#) his new podcast, entitled "Affording Your Life with Keith Ellison." The podcast will cover a variety of topics related to fairness, justice, and consumer information to help people afford their lives.

Missouri Attorney General Eric Schmitt [issued](#) a consumer alert to warn Missouri citizens about a potential scam targeting elderly and vulnerable citizens.

Nevada Attorney General Aaron D. Ford and his Bureau of Consumer Protection [reminded](#) Nevadans of their right to obtain a prescription for either glasses or contact lenses following an eye examination.

New Hampshire Attorney General Gordon MacDonald [sued](#) four members of the Sackler family who own drug manufacturer Purdue Pharma. The lawsuit accuses the Sacklers of a deceptive marketing scheme around the drugs manufactured by their company that fueled New Hampshire's drug crisis.

New Jersey Attorney General Gurbir S. Grewal [announced](#) that the New Jersey Division of Consumer Affairs is seeking information from 15 e-cigarette businesses about their marketing and sales of vaping products in New Jersey.

New Mexico Attorney General Hector Balderas [brought](#) an action against the Sackler family for allegedly masterminding illegal and deceptive practices which caused millions of opioids pills to come flooding into New Mexico.

New York Attorney General Letitia James [announced](#) that she directed MeToo Kits Company and Preserve Group to 'cease and desist' selling at home sexual assault evidence kits. These kits have raised widespread concern due to their marketing as an alternative to seeking professional medical care and because of the companies' implied representation that the evidence collected by these kits would be admissible in court. In other New York news, General James announced a [lawsuit](#) against Dunkin' Brands, Inc. - franchisor of Dunkin' Donuts - for failing to protect thousands of customers targeted in a series of cyberattacks.

North Carolina Attorney General Josh Stein [warned](#) North Carolinians to avoid "MeToo Kits," a privately sold and tested sexual assault kit for at-home use.

Ohio Attorney General Dave Yost is [seeking](#) refunds of \$50,000 from a Dayton gravestone business accused of ripping off customers.

Oklahoma Attorney General Mike Hunter [issued](#) a consumer alert and sent cease and desist letters to The Preserve Group, LLC. and the MeToo Kits Company to inform the companies they are in violation of Oklahoma's consumer protection laws for using misleading statements when attempting to market sexual assault evidence kits for at-home use in the state.

Pennsylvania Attorney General Josh Shapiro [filed](#) a lawsuit against the founders and owners of Purdue Pharma, the creator of the prescription painkiller OxyContin. Attorney General Shapiro filed a separate [lawsuit](#) against Purdue Pharma in May 2019, accusing the company of a multi-faceted, illegal effort to market OxyContin in Pennsylvania. The new lawsuit alleges that certain members of the Sackler family are personally liable for the devastation of the opioid crisis because they directed, controlled, and participated in this deadly campaign of deception.

South Dakota Attorney General Jason Ravnsborg is [urging](#) South Dakota residents to be vigilant of transient contractor scams following the severe weather seen in Sioux Falls.

Texas Attorney General Ken Paxton [announced](#) that his office filed a civil Medicaid fraud lawsuit against pharmaceutical manufacturer Johnson & Johnson, and its subsidiary Janssen Pharmaceuticals, Inc., for misrepresentations made to the Texas Medicaid program about their dangerous opioid drug, Duragesic. Texas alleges the companies directed their sales representatives to deliver false and misleading messages about their fentanyl opioid drug to doctors in Texas, including Medicaid doctors. Attorney General Paxton also [warned](#) residents of southeast Texas that state law prohibits price gouging in the wake of Tropical Storm Imelda.

Virginia Attorney General Mark R. Herring has [filed](#) suit against members of the Sackler Family, owners of Purdue Pharma, for their alleged role in creating and perpetuating the opioid crisis, and for allegedly fraudulently taking billions of dollars from Purdue Pharma in an attempt to put money beyond the reach of the Commonwealth of Virginia and other parties who may be entitled to damages. The complaint includes a new claim of an individual violation of the Virginia Consumer Protection Act by Richard Sackler, who served Purdue in various capacities from 1990 to 2018, including on its board of directors, as its board co-chair, as its president, and as its head of research and development. The complaint states that "Richard Sackler acted willfully in directing, controlling, approving, or participating in" the allegedly unlawful acts committed by the company, including violations of the Virginia Consumer Protection Act.

Washington Attorney General Bob Ferguson [filed](#) a lawsuit against Vancouver, Wash.-based air duct cleaning companies for allegedly unlawfully contacting more than a million Washington consumers with more than 13 million robocalls and sending tens of millions of deceptive mailers to Washingtonians for at least two years, in violation of the Consumer Protection Act. The court granted Attorney General Ferguson's request for a temporary restraining order.

West Virginia Attorney General Patrick Morrissey [filed](#) a lawsuit seeking to shut down a concrete contractor for alleged violations of the state's consumer protection law. The lawsuit alleges Concrete Technology Incorporated of North Central West Virginia, LLC and its owners, Scott and Belynda Kirby, performed incomplete or substandard home contracting work in return for the money consumers paid.

The Better Business Bureau released a [report](#) on business email compromise scams.

Hundreds of millions of phone numbers [linked](#) to Facebook accounts have been found online on an exposed server.

President Donald Trump [moves](#) to ban flavored e-cigarettes. New York [banned](#) the sale of certain flavors of e-cigarettes after a number of vaping related deaths. In related news, the U.S. Food and Drug Administration and the U.S. Centers for Disease Control and Prevention are [investigating](#) the recent incidents of severe respiratory illness associated with use of vaping products.

Purdue Pharma, accused of fueling the opioid epidemic, [filed](#) for Chapter 11 bankruptcy protection. Purdue Pharma will [stay](#) in business while its business is in bankruptcy proceedings.

## Charities

Arizona Attorney General Mark Brnovich [warned](#) of Hurricane Dorian charity scams.

California Attorney General Xavier Becerra [announced](#) three final decisions that upheld cease and desist orders issued against Catholic Medical Mission Board, Inc., Food for the Poor, Inc., and MAP International for their deceptive solicitation tactics. These charitable organizations solicited donations by deceptively implying to donors that up to 99 percent of their cash donations went to charitable programs, when in reality up to 40 percent of cash donations were used for administrative and fundraising costs. In other California news, the U.S. Supreme Court will [hear](#) a case involving whether California's charitable donor information law violates the Constitution.

Florida Attorney General Ashley Moody [issued](#) a Consumer Alert warning Floridians about potential charity scams exploiting Bahamian-recovery efforts.

## Upcoming Events

### **2019 NAAG/NASCO Conference**

October 16-18, 2019, Nashville, Tennessee

This year's NAAG/NASCO Conference will be held in Nashville, Tennessee at the William R. Snodgrass Tower, located at 312 Rosa L Parks Ave., Nashville, TN 37219, starting the morning of October 16 and ending early afternoon on October 18, 2019. Hotel information can be found [here](#). This conference is the only annual event at which state charity regulators and nonprofit organizations and their attorneys and accountants have the opportunity to meet, hear about, and discuss issues of interest to the charities community. From approximately noon on Thursday and until the end of the conference on Friday, sessions are open to the public and provide an opportunity for representatives of the nonprofit sector to meet and participate in discussions with state regulators. The public sessions aim to address pressing and relevant issues regarding the nonprofit sector. Wednesday and Thursday morning's sessions are for regulators only, providing significant opportunity for charity regulators to discuss the latest topics and learn from each other. The public day agenda can be found [here](#).

We hope you will be there! [Click here](#) for more information.

### **2019 Fall Consumer Protection Conference**

November 5-7, 2019, Omaha, Nebraska

This year's NAAG Consumer Protection Fall Conference will be held in Omaha, Nebraska at the Omaha Marriott Downtown at the Capitol District from Nov. 5-7, 2019. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Tuesday, November 5 from approximately noon until 7:30 pm, the private, nonprofit, and government sectors are invited to attend the public portion of the conference, which also includes lunch and an evening reception.

Sessions during the public portion of the conference include an attorney general welcome and comments, as well as sessions on CBD/Hemp Products, Data Security Issues Relating to Lawyers and Law Firms, and Payment Apps. There will also be an open-mic discussion of private sector issues. The agenda at a glance can be found [here](#). Please note that it is subject to change as we prepare for the conference, and we plan to keep the website updated with current information.

We hope to see you there! [Click here](#) for more information.



[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

**August 2019**



## **Consumer Chief of the Month: Shannon E. Smith, Washington**

Greetings from Seattle! I'm the Division Chief of the Consumer Protection Division of the Washington Attorney General's Office, a position I've held since 2012.

I joined the Washington Attorney General's Office in 1989, with the goal of working on consumer protection issues. My first position in the office was prosecuting cases before professional licensing disciplinary boards, which was as close to consumer protection that a first-year attorney could get at that time. Following that assignment, I spent 10 years working on utility regulatory issues and handled cases under the federal Telecommunications Act of 1996 and defended the decisions made by Washington's utility commission. Finally, in 2005 I was able to accept an open position in the Consumer Protection Division. Before I became Division Chief, among other things, I handled privacy, data security, and charitable solicitation cases, defended the constitutionality of Washington's law prohibiting commercial robocalls, and oversaw the Division's investigations and litigation.

[Read More](#) 

## **Article of the Month: Criminal Prosecution of Consumer Scams and Fraud**

**Stacy Morey, Chief Assistant Attorney General, Consumer  
Protection Unit, Oklahoma Attorney General's Office**

News stories of widespread consumer fraud and its grave impact on the public are frequently publicized. Historically, state attorneys general have seized numerous opportunities to join forces to stop consumer abuse, investigate scams and fraud, advocate for consumer rights, and provide for greater consumer protection on a national scale. However, occurring even more often than news headlines of national significance are stories of individual consumers being victimized and defrauded by individual con men.

[Read More](#) 





## Scam Alert:

[One-Ring Phone Scams Costing Victims](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB [released](#) the results of a pilot study, *Planning for Tax-Time Savings*, launched with the tax preparation company H&R Block that shows that simple messages encouraging customers to use their tax refund to save at tax time increased the likelihood that they would do so.
- The CFPB [announced](#) a settlement with Maxitransfers Corporation, a company that serves consumers looking to send money overseas. This is the CFPB's first enforcement action based on violations of the Remittance Transfer Rule, which implements the Electronic Fund Transfer Act.
- The CFPB [released](#) its fourth biennial report on the state of the credit card market for the period 2017-2018.
- The CFPB announced a proposed [settlement](#) with ITT Educational Services, Inc. to resolve the Bureau's lawsuit, which alleges that ITT engaged in unfair and abusive practices in connection with its private loan program in violation of the Consumer Financial Protection Act of 2010.
- The CFPB [announced](#) that it is extending the comment period on its Notice of Proposed Rulemaking (NPRM) implementing the Fair Debt Collection Practices Act. To facilitate the ability of commenters to consider the issues raised in the NPRM, gather data, and prepare their responses, the comment period will be extended by 30 days to September 18, 2019.
- The CFPB Ombudsman [released](#) its 2019 Mid-Year Update. This year's edition includes responses to queries on information provided to consumers on defendant-administered redress, consumer complaints referred to the CFPB from other agencies, and updates on the Ombudsman Forum and Interactives programs.

## Federal Trade Commission:

- The Chicago-based 7th U.S. Circuit Court of Appeals [ruled](#) that the FTC did not have the authority to seek restitution from fraudsters by invoking a section of its governing law that allows it to obtain injunctions. The decision by the 7th Circuit overturns a 1989 decision by the appeals court and conflicts with decisions from eight other circuits.
- On Sept. 26, 2019, the FTC will [hold](#) a half-day public workshop in Washington, DC to consider "Made in USA" and other types of U.S.-origin claims made by domestic and foreign sellers, consumer perception of such claims, the need for any changes to the FTC's existing guidance, and other relevant issues.
- Thomas Dluca, Eric Pinkston, Louis Gatto, and Scott Chandler, promoters of recruitment-based cryptocurrency schemes, are permanently [banned](#) from operating or participating in any multi-level marketing program, as part of a settlement with the FTC.
- Following a public comment period, the FTC has [approved](#) final orders settling charges that five companies violated the Consumer Review Fairness Act by including provisions in form contracts that bar their customers from posting negative reviews. The companies and individuals named in the complaints are: 1) A Waldron HVAC, LLC and its owner, Thomas J. Waldron; 2) National Floors Direct, Inc.; 3) LVTR LLC and its owner, Tomi A. Truax; 4) Shore to Please Vacations LLC; and 5) Staffordshire Property Management, LLC.
- The FTC obtained a [stipulated](#) final order that permanently bans Alliance Security Inc. from telemarketing. The FTC also obtained a preliminary injunction barring Alliance's founder and CEO, Jasit "Jay" Gotra, from telemarketing until the final resolution of the case against him.
- An email management company, Unrollme Inc., will be required to delete personal information it collected from consumers as part of a [settlement](#) with the FTC over allegations that the company deceived some consumers about how it accessed and used their personal emails.

## Securities and Exchange Commission:

- The SEC [released](#) a series of short educational videos designed to provide ordinary investors with basic information about choosing and working with a financial professional.
- The SEC [charged](#) 1 Global Capital LLC's former chief financial officer, Alan G. Heide, with defrauding retail investors. The now bankrupt Florida-based cash advance company allegedly fraudulently raised more than \$322 million from 3,600 investors between 2014 and last year.

## In other federal news:

- The Federal Communications Commission (FCC) announced that CenturyLink [agreed](#) to a \$550,000 settlement and compliance plan resolving the investigation into company's placement of unauthorized third-party charges and fees onto consumers' bills.
- The FCC [adopted](#) new rules banning malicious caller ID spoofing of text messages and foreign calls. These new rules will close a loophole in the law that prevented the agency from pursuing scammers sending spoofed text messages and international fraudsters making spoofed calls to Americans.
- The FBI's Internet Crime Complaint Center [released](#) a PSA titled "Cyber Actors Use Online Dating Sites to Conduct Confidence/Romance Fraud and Recruit Money Mules."
- The Department of Justice [announced](#) that a telemarketer was sentenced to 63 months in prison followed by three years of supervised release for his role in a \$10 million telemarketing scheme that defrauded primarily elderly victims in the United States from call centers in Costa Rica.

## Attorney General Consumer Protection News and Other Items of Interest

Fifty-one attorneys general and twelve phone companies [reached](#) an [agreement](#) that will result in the phone companies adopting eight principles to fight illegal robocalls.

Forty-three attorneys general wrote a [letter](#) to the leading streaming services asking to open a dialogue regarding protecting children from content with tobacco imagery.

Thirty-two attorneys general [filed](#) an amicus [brief](#) in the United States Court of Appeals for the Third Circuit arguing that the case brought by the Commonwealth of Pennsylvania against student loan servicer Navient for exploiting student loan borrowers should be permitted to go forward in the federal courts.

Arkansas Attorney General Leslie Rutledge has [filed](#) a consumer protection lawsuit against the Hot Springs-based company Timeless Memories, LLC and its owners, Brittany Brown and Karen Annette Tidwell Monet, for allegedly advertising false, misleading, and deceptive vacation rental properties on popular travel-booking websites.

Connecticut Attorney General William Tong and Consumer Protection Commissioner Michelle H. Seagull have [opened](#) an investigation into JUUL Labs, Inc. regarding health claims made by the company.

District of Columbia Attorney General Karl A. Racine [filed](#) a lawsuit against a local home contracting company and its father-son management team - Precision Contracting Solutions, LP and Derrick and Stephen Sieber - for deceiving consumers about home construction services and damaging homes across the District. In the complaint, the Office of the Attorney General alleges a pattern of illegal behavior, including misrepresenting the quality of goods and services offered, negotiating contracts under false pretenses, breaking contract terms, and damaging property.

Florida Attorney General Ashley Moody and the Florida Department of Highway Safety and Motor Vehicles are [advising](#) consumers to check vehicle history before purchasing a car to guard against odometer fraud. In other Florida news, General Moody [issued](#) a Consumer Alert warning Floridians about scammers attempting to steal consumer information using fake Equifax claims webpages.

Georgia Attorney General Chris Carr [announced](#) that the Georgia Department of Law's Consumer Protection Division generated more than \$109 million for consumers and the State Treasury in fiscal year 2019. In other Georgia news, General Carr [warned](#) the public about imposter schemes in which scammers use call spoofing technology to convince consumers to pay money and/or provide their financial or personal identifying information.



Guam Attorney General Leevin Taitano Camacho [sued](#) opioid manufacturer Purdue Pharma L.P. and related companies in local court for violating Guam's Deceptive Trade Practices Act. The [complaint](#) alleges that Purdue misled prescribers and patients about the safety and efficacy of its opioids to increase the company's profits. The complaint also describes the deceptive marketing campaign and publications financed by Purdue to push its highly addictive opioids while downplaying the dangers of addiction with long-term use.

Idaho Attorney General Lawrence Wasden is [renewing](#) his call for Idahoans to be vigilant following an increase in the number of consumers being targeted by the so-called Social Security imposter scam.

Illinois Attorney General Kwame Raoul [filed](#) a motion to expand his office's pending lawsuit against Purdue Pharma L.P. and Purdue Pharma Inc. (Purdue) to include the company's owners. Raoul's office sued Purdue this spring over its deceptive marketing practices designed to significantly increase prescriptions issued for opioids.

Indiana Attorney General Curtis Hill [alerted](#) Indianans to follow precautions when embarking on home-improvement projects.

Iowa Attorney General Tom Miller has [sued](#) the seller of the "Miracle Scraper", which removes ice and snow from car windshields, for allegedly enrolling customers in a buying club without their knowledge or consent and charging them \$9.95 a month.

Kentucky Attorney General Andy Beshear [announced](#) that approximately 1,400 customers who purchased a vehicle from Auto Plaza USA will receive relief after wrongly being led to believe they had paid all taxes at the time of the sale.

Louisiana Attorney General Jeff Landry is [warning](#) Louisiana parents and guardians to take note of several children's products that have been recently recalled this summer.

Maine Attorney General Aaron Frey [announced](#) that Ocwen Financial Corporation will refund or credit 24 Maine residents more than \$50,000 in attorney's fees they were assessed when their homes were foreclosed upon, and the company will pay \$24,000 in civil penalties and \$10,000 in investigative costs to the State of Maine, as part of a Consent Agreement signed last week.

Maryland Attorney General Brian E. Frosh [issued](#) a consumer alert that scammers are sending fake checks that appear to be from Maryland-based Chesapeake Employers Insurance Company and the Injured Worker's Insurance Fund to unsuspecting victims all over the country.

Massachusetts Attorney General Maura Healey [announced](#) that an unlicensed finance company has been permanently banned from selling student loan debt relief services in Massachusetts and will provide \$100,000 in restitution and \$340,000 in loan relief to more than 600 student borrowers to settle allegations that the company violated state laws. In other Massachusetts news, General Healey [announced](#) that an online retailer of socks, Bombas LLC, will pay \$85,000 to resolve allegations that it violated consumer protection and data security laws by failing to protect the personal information of 1,361 Massachusetts residents online.

Michigan Attorney General Dana Nessel [issued](#) a Notice of Intended Action to Bay City-based Outdoor Adventures, outlining serious concerns with the company's aggressive and misleading sales tactics.

Minnesota Attorney General Keith Ellison's office [filed](#) the unredacted complaint against Purdue Pharma and the Sackler family, which allows the public to learn about the Sacklers' words and conduct directly from internal company documents.

Mississippi Attorney General Jim Hood [warned](#) of Social Security scam calls and provided a sample of what a scam call sounds like.

New Jersey Attorney General Gurbir S. Grewal and the Division of Consumer Affairs [announced](#) that the Division has reached settlements in three separate investigations into alleged consumer fraud in New Jersey's automotive sales industry.

New York Attorney General Letitia James [settled](#) with financing company Equitable Acceptance Corporation, resolving charges that it had violated consumer protection laws and unlawfully financed student loan debt relief services.

North Carolina Attorney General Josh Stein [obtained](#) \$37,000 in consumer relief and a permanent ban against a Hurricane Michael price-gouger. In other North Carolina news, General Stein [announced](#) that he filed lawsuits against eight e-cigarette companies: Beard Vape, Direct eLiquid, Electric Lotus, Electric Tobacconist, Eonsmoke, Juice Man, Tinted Brew, and VapeCo. The suits, which are brought under the North Carolina Unfair or Deceptive Trade Practices Act, allege that these companies are aggressively targeting children and do not require appropriate age verification when selling these dangerous and addictive products.

North Dakota Attorney General Wayne Stenehjem [reported](#) on scams affecting North Dakota.

Ohio Attorney General Dave Yost [sued](#) a wedding photographer in response to complaints from newlywed couples who paid for photos and videos but never received them. In other Ohio news, General Yost is [seeking](#) consumer refunds of \$105,000 from a central Ohio contractor accused of performing shoddy work and failing to complete home improvement projects.

Oklahoma Attorney General Mike Hunter [commended](#) Cleveland County District Judge Thad Balkman for ruling in the state's favor and ordering Johnson & Johnson and its subsidiaries to pay \$572 million to abate the ongoing opioid epidemic in Oklahoma.

South Carolina Attorney General Alan Wilson [announced](#) that he has filed a lawsuit against major opioid distributors, Cardinal, McKesson, and AmerisourceBergen, for their alleged part in the opioid crisis.

South Dakota Attorney General Jason Ravnsborg, along with the South Dakota Retailers Association, is [alerting](#) businesses to be on the lookout for a credit card scam which is impacting the state.

Utah Attorney General Sean D. Reyes [announced](#) that scammers impersonating him have contacted victims through Facebook Messenger offering a grant worth thousands of dollars, for a small fee.

Virginia Attorney General Mark R. Herring has [secured](#) a default judgment against James R. Clore, Jr., Access Mobility Equipment, LLC, and 2911 Mobility, LLC, for defrauding elderly and disabled consumers out of thousands of dollars they paid for the installation and delivery of mobility aids and equipment.

Washington Attorney General Bob Ferguson [announced](#) that Libre by Nexus, an immigration bond services company, will provide more than \$2.7 million in debt relief and refund a total of \$58,800 to Washington-based consumers. The resolution is a result of an Attorney General's Office investigation into the company's contract practices, which left clients confused about the monthly fees and obligations of Libre's program.

West Virginia Attorney General Patrick Morrisey [filed](#) suit against two major manufacturers of opioid painkillers - Johnson & Johnson and Teva Pharmaceuticals. The lawsuit alleges both manufacturers helped fuel the opioid epidemic by individually engaging in strategic campaigns to deceive prescribers and misrepresent the risks and benefits of opioid painkillers.

Wyoming Attorney General Bridget Hill's office [filed](#) a lawsuit against Equifax Inc. for allegedly violating the Wyoming Consumer Protection Act. The lawsuit claims Equifax violated the Wyoming Consumer Protection Act by making false and misleading statements to consumers regarding its data protection, failed to adequately inform consumers regarding data protection practices, and failed to take reasonable steps to protect consumer information.

Amazon and Capital One have been [sued](#) by consumers for data breaches.

The accused Capital One hacker may have [breached](#) more than 30 organizations.

The Consumer Federation of America [released](#) its 2018 consumer complaint survey.

## Charities

Arkansas Attorney General Leslie Rutledge [announced](#) a settlement with The New Hope Foundation, Inc. The sham charity solicited donations through telemarketing and direct mail pieces using the deceptive name Hospice Support Fund. The New Hope Foundation claimed to provide educational programs regarding hospice services but little, if any, program services occurred.

# Veterans and Military News

Arkansas Attorney General Leslie Rutledge [announced](#) the filing of a Stipulated Final Judgement and Order against central Arkansas owner Andrew Gamber; Voyager Financial Group, LLC; BAIC, Inc.; and SoBell Corp. for the brokering of contracts that offer high-interest credit to veterans in exchange for investors illegally acquiring rights to receive future pension payments. The CFPB joined General Rutledge in the investigation and settlement of claims against Voyager.

Connecticut Attorney General William Tong [released](#) tips to protect against military romance scams using social media.

Illinois Attorney General Kwame Raoul [announced](#) a Cook County judge entered an order prohibiting the Lombard-based charity Veterans Christian Network, Inc. (VCN) and its founders, Todd and Priscilla Olshefski, from engaging in future charitable activities in Illinois. The order resolves a lawsuit Raoul's office filed this spring against VCN and the Olshefskis over violations of Illinois charity laws.

Four attorneys general [reached](#) a multistate settlement shutting down a for-profit company that allegedly misled consumers about its support for military service members.

The Department of Justice [announced](#) that Nissan Motor Acceptance Corporation has agreed to pay \$3 million to resolve allegations that it violated the Servicemembers Civil Relief Act.

The Department of Justice [announced](#) that a 14-count indictment has been unsealed in San Antonio, Texas, charging five individuals with coordinating an identity-theft and fraud scheme targeting servicemembers and veterans.

An Illinois-based operator of several post-secondary schools will [pay](#) \$30 million to settle FTC charges that the operator used sales leads from lead generators that falsely told consumers they were affiliated with the U.S. military, and that used other unlawful tactics to generate leads.

## Upcoming Events

### **2019 NAAG/NASCO Conference**

October 16-18, 2019, Nashville, Tennessee

This year's NAAG/NASCO Conference will be held in Nashville, Tennessee at the William R. Snodgrass Tower, located at 312 Rosa L Parks Ave., Nashville, TN 37219, starting the morning of October 16 and ending early afternoon on October 18, 2019. Hotel information can be found [here](#). This conference is the only annual event at which state charity regulators and nonprofit organizations and their attorneys and accountants have the opportunity to meet, hear about, and discuss issues of interest to the charities community. **From approximately noon on Thursday and until the end of the conference on Friday, sessions are open to the public and provide an opportunity for representatives of the nonprofit sector to meet and participate in discussions with state regulators.** The public sessions aim to address pressing and relevant issues regarding the nonprofit sector. Wednesday and Thursday morning's sessions are for regulators only, providing significant opportunity for charity regulators to discuss the latest topics and learn from each other.

We hope you will be there! [Click here](#) for more information.

### **2019 Fall Consumer Protection Conference**

November 5-7, 2019, Omaha, Nebraska

This year's NAAG Consumer Protection Fall Conference will be held in Omaha, Nebraska at the Omaha Marriott Downtown at the Capitol District from Nov. 5-7, 2019. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Tuesday, November 5 from approximately noon until 8:00 pm, the private, nonprofit, and government sectors are invited to attend the public portion of the conference, which also includes lunch and an evening reception.

Sessions during the public portion of the conference include an attorney general welcome and comments, as well as sessions on CBD/Hemp Products, Data Security Issues Relating to Lawyers and Law Firms, and Payment Apps. If the Internal Revenue Service releases new settlement rules by conference time, a session is planned on that issue. There will also be an open-mic discussion of private sector issues. The agenda at a glance can be found [here](#). Please note that it is subject to change as we prepare for the conference, and we plan to keep the website updated with current information.

We hope to see you there! [Click here](#) for more information.

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)





**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

July 2019



### Consumer Chief of the Month: Sarah A. E. Frasch, Pennsylvania

Thank you for allowing me to highlight the great work of the Pennsylvania Office of Attorney General, Bureau of Consumer Protection in this month's newsletter.

I was born in Charleston, SC and moved to the suburbs of Philadelphia, PA when I was 10, where I have resided ever since. I attended college (B.S. in Mathematics and minor in Computer Information Technology) and law school at Temple University in Philadelphia and graduated in 2006. While in law school, I interned for the Pennsylvania Office of Attorney General and found the Office to be so important to Pennsylvanians, that I knew I wanted to be a part of the team permanently upon my graduation.

[Read More](#) ➔

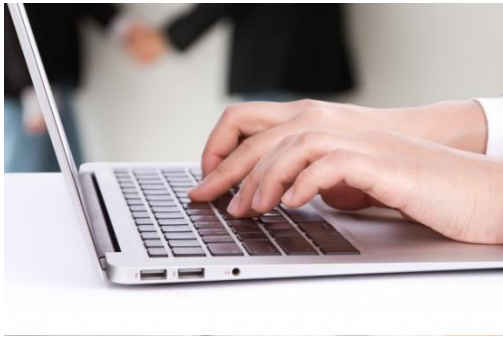
### Article of the Month: The TRACED Act and What it Means for Robocall Scammers

**Jomi Ogunfiditimi, Law Clerk, National Association of Attorneys General**

Let's face it, we've all been there before. You're receiving a phone call from a telephone number that you don't recognize and the caller ID displays a state you've never visited. You hesitate to answer while you quickly try to remember to whom you've given your cellphone number recently, or which prospective employer may be calling about your application. You decide to play it safe and answer the call with a curious "hello." You're greeted with a friendly "hello" in return, and for a brief moment you exhale and begin to ask with whom you're speaking. Before you can finish your sentence, you are interrupted by the voice as it begins to tell you about how you can switch to a better health insurance plan and receive a great discount. You hang up and sigh as you realize you've just received your ninth robocall of the week.



[Read More](#) ➔



## Scam Alert:

[Bogus Web Development Scam Targeting Small Businesses](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB [issued](#) an Advance Notice of Proposed Rulemaking (ANPR) seeking information relating to the expiration of the temporary qualified mortgage provision applicable to certain mortgage loans eligible for purchase or guarantee by the Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, in the Bureau's Ability to Repay/Qualified Mortgage (ATR/QM) Rule. This provision, also known as the GSE patch, is scheduled to expire no later than Jan. 10, 2021.
- The CFPB [settled](#) its lawsuit against Freedom Debt Relief, LLC, the nation's largest debt-settlement services provider. The company agreed to pay \$20 million in restitution to affected consumers and a \$5 million civil money penalty.
- The CFPB [issued](#) an updated advisory to financial institutions urging them to report to the appropriate local, state, and federal authorities whenever they suspect that an older adult is the target or victim of financial exploitation. The CFPB also recommended that financial institutions file Suspicious Activity Reports with the federal government when they suspect elder financial exploitation.
- The CFPB released a [report](#) that found that more than one-in-four consumers with a credit report have at least one debt in collection by third-party debt collectors.
- The CFPB [released](#) a report which explores patterns of revolving and repayment of credit card accounts in the United States.

## Federal Trade Commission:

- The FTC [imposed](#) a \$5 billion penalty and new privacy restrictions on Facebook for user privacy violations. FTC Commissioners [Rohit Chopra](#) and [Kelly Slaughter](#) issued dissenting statements on the Facebook settlement. The Electronic Privacy Information Center has gone to [court](#) in an attempt to intervene in the settlement.
- The FTC [filed](#) an administrative complaint against data analytics company Cambridge Analytica, and filed settlements for public comment with Cambridge Analytica's former chief executive and an app developer who worked with the company, alleging they employed deceptive tactics to harvest personal information from tens of millions of Facebook users for voter profiling and targeting.
- The FTC is seeking [comment](#) on the effectiveness of the amendments the agency made to the Children's Online Privacy Protection Rule (COPPA Rule) in 2013 and whether additional changes are needed.
- As part of its continued efforts to help make the Do Not Call (DNC) data it collects more transparent and easier for consumers to use, the FTC [announced](#) the debut of a new interactive public web page containing a wealth of information about the National DNC Registry and unwanted telemarketing robocalls.
- The FTC has [stopped](#) a student loan debt relief scheme, alleging it bilked more than \$23 million from thousands of consumers with false claims that it would service and pay down their student loans. After the FTC filed a complaint seeking to end the deceptive practices, a federal court temporarily halted the scheme and froze its assets.
- The operator of an online rewards website will be [required](#) to implement a comprehensive information security program before collecting personal information as part of a final settlement with the FTC related to allegations that he failed to take reasonable steps to protect personal data.
- The FTC and its regional partners will hold a public [workshop](#) in Atlanta on Thursday, August 15, 2019, on truth-in-advertising basics and data security compliance. Designed for business owners, advertising and marketing executives, and attorneys, *Green Lights & Red Flags: FTC Rules of the Road for Business* features a roster of experts discussing established consumer protection and antitrust principles,

new developments in the law, and their practical application in today's marketplace. FTC Commissioner Rohit Chopra and Georgia Attorney General Christopher M. Carr will deliver remarks.

- The FTC [reported](#) that government imposter scams top the list of reported frauds since 2014.
- Gerber and the FTC have [agreed](#) to settle a dispute arising from a FTC complaint filed in 2014 alleging that Gerber Products Company, also doing business as Nestle Nutrition, deceptively advertised that feeding Good Start Gentle formula to infants with a family history of allergies prevents or reduces the risk that they will develop allergies, and misrepresented that its Good Start Gentle formula qualified for or received approval for a health claim from the U.S. Food and Drug Administration.

## Securities and Exchange Commission:

- The SEC [announced](#) charges against Facebook Inc. for making misleading disclosures regarding the risk of misuse of Facebook user data.
- The SEC [announced](#) that its Retail Strategy Task Force will host a roundtable on October 3 on combating elder investor fraud. The roundtable will focus on the types of fraudulent and manipulative schemes currently targeting elder investors. The roundtable also will explore views from a broad range of regulators and industry experts on potential steps regulators, broker-dealers, investment advisers, and others can take to identify and combat elder investor fraud.
- The SEC [filed](#) insider trading charges against an accountant and her friend, whom she illegally tipped with confidential information in advance of her company's quarterly performance announcements in exchange for all-expense paid travel and other expensive gifts. The alleged insider trading scheme generated profits of more than \$6.2 million and was uncovered by the SEC through analysis and technology that it uses to detect suspicious trading activity.
- The SEC [instituted](#) two related enforcement actions against Nomura Securities International Inc., which has agreed to repay approximately \$25 million to customers for its failure to adequately supervise traders in mortgage-backed securities.

## In other federal news:

- U.S. Treasury Secretary Steven Mnuchin [expressed](#) concerns about Facebook's proposed digital currency.
- Global consumer goods conglomerate Reckitt Benckiser Group plc (RB Group) has [agreed](#) to pay \$1.4 billion to resolve its potential criminal and civil liability related to a federal investigation of the marketing of the opioid addiction treatment drug Suboxone. The resolution, the largest recovery by the United States in a case concerning an opioid drug, includes the forfeiture of proceeds totaling \$647 million, civil settlements with the federal government and the states totaling \$700 million, and an administrative resolution with the FTC for \$50 million.
- CFTC [issued](#), "There's Nothing to Like about Scammers on Social Media," a Customer Protection Advisory that warns customers to beware of and avoid unregistered brokers and advisers, as well as fake testimonials and so-called trading experts on social media platforms.
- The Department of Justice [announced](#) that a former East Greenwich, Rhode Island, businesswoman Monique N. Brady, 44, whose company, MNB, specialized in preserving the condition of foreclosed homes for resale, admitted to utilizing her business and business contacts, often times family members, friends, and business associates, to operate a \$10.3 million dollar Ponzi scheme.
- The Department of Justice [announced](#) that two Mississippi men pleaded guilty for their roles in a long-running odometer tampering scheme.

## Attorney General Consumer Protection News and Other Items of Interest

Fifty attorneys general, the CFPB, and the FTC [reached](#) a \$600 settlement with Equifax as a result of the 2017 Equifax data breach.

Thirty-seven attorneys general sent a [letter](#) to the Food and Drug Administration in response to their request for comments regarding "Scientific Data and Information About Products Containing Cannabis or Cannabis-Derived Compounds." The letter urges federal cooperation with states to protect consumers. It also expresses concern some companies may use false advertising and unsubstantiated claims to mislead consumers into buying cannabis products.

Thirty-three attorneys general have [reached](#) an agreement in principle to settle allegations that pharmaceutical manufacturer Reckitt Benckiser Group (Reckitt) improperly marketed and promoted the drug Suboxone, resulting in improper expenditures of state Medicaid funds. Suboxone contains a combination of buprenorphine (an opioid) and naloxone (blocks the effects of opioid medication, including pain relief and feelings of well-being that can lead to opioid abuse). The drug was approved to suppress opioid withdrawal symptoms as part of a complete withdrawal treatment plan that would include counseling and psychosocial support.

Thirty attorneys general entered into a \$10 million [settlement](#) with Premera Blue Cross for failing to secure sensitive consumer data and for misleading consumers before and after a data breach affecting millions across the country.

Twenty-five attorneys general [opposed](#) any effort by the CFPB to roll back or limit its Overdraft Rule.

Arizona Attorney General Mark Brnovich [filed](#) an Arizona Consumer Fraud Act lawsuit against three former executives of opioid manufacturer Insys Therapeutics Inc., which is based in Chandler. The lawsuit alleges that the three named defendants, including the founder of the company, engaged in a fraudulent marketing scheme designed to increase the sales of Insys's flagship drug, Subsys, a highly addictive opioid prescription drug that contains fentanyl.

Arkansas Attorney General Leslie Rutledge [obtained](#) a judgment valued at more than \$600,000 against The Resort Place LLC and owners Jay Allen Edmonson and Dora Ann Edmonson. Based on allegations in the complaint, The Resort Place failed to book pre-paid vacation and used consumers' credit card information to pay for other consumers' vacations.

Delaware Attorney General Kathy Jennings [announced](#) that the Department of Justice's Consumer Protection Unit has reached a settlement with two California-based companies requiring them to stop advertising and selling mortgage loan modification and debt relief services in Delaware and to provide restitution to Delaware consumers.

District of Columbia Attorney General Karl A. Racine [filed](#) a lawsuit against Marriott International, Inc., a multinational hotel company, for allegedly hiding the true price of hotel rooms from consumers and charging hidden resort fees to increase profits.

Florida Attorney General Ashley Moody [issued](#) a Consumer Alert with tips to help consumers identify, avoid and report online tech support scams.

Indiana Attorney General Curtis Hill [asked](#) Hoosiers to watch for car dealers posing as private sellers on Craigslist and to alert the Office of the Attorney General when they come across such listings.

Iowa Attorney General Tom Miller [announced](#) that a Florida man accused of operating a "pure pyramid scheme" and taking more than \$51,000 from older Iowans must make refunds to the victims and stop his solicitations under a settlement with the Iowa Attorney General's Office.

Kansas Attorney General Derek Schmidt [announced](#) that the attorney general's Consumer Protection Division recovered more than \$16 million for Kansas consumers and taxpayers last year.

Massachusetts Attorney General Maura Healey [announced](#) that the for-profit education company Salter College and its parent, Premier Education Group, will provide over \$1.6 million in debt relief to resolve allegations that the company did not provide its students with critical information on program job placement, loan repayment and graduation rates as required by state law.

Missouri Attorney General Eric Schmitt [announced](#) his office filed a lawsuit against Apex Contracting & Roofing, a roofing company in Cass County, Missouri and its owner Jason Stewart. The lawsuit was brought as a result of multiple complaints filed by Missouri consumers. The lawsuit alleges that Apex and Stewart violated the Missouri Merchandising Practices Act by requiring consumers to pay certain amounts of money prior to beginning work, promising substantive completion by certain dates, and failing to provide the promised roofing and construction services in sufficient quality or on time.

Nebraska Attorney General Doug Peterson [filed](#) a lawsuit against Hilton, a multinational hotel company, for allegedly hiding the true price of hotel rooms from consumers and charging hidden resort fees to increase profits. The Attorney General alleges that Hilton's deceptive and misleading pricing practices and failure to disclose fees harmed consumers and violated Nebraska's consumer protection laws.



New Jersey Attorney General Gurbir S. Grewal and the New Jersey Bureau of Securities within the Division of Consumer Affairs [announced](#) that the State has filed a three-count lawsuit against Pocketinns, Inc., a Princeton-based blockchain-driven online rental marketplace, and its president Sarvajnya G. Mada. The lawsuit alleges that Pocketinns and Mada offered and sold more than \$400,000 of unregistered securities from New Jersey in the form of a cryptocurrency called "PINNS Tokens."

New York Attorney General Letitia James [announced](#) a settlement resolving a lawsuit against TicketNetwork, Inc., Ticket Galaxy, and their owner Donald Vaccaro for tricking tens of thousands of unsuspecting customers into purchasing tickets to concerts, shows, and other live events that the sellers did not actually own. In other New York news, General James [announced](#) a settlement banning Buffalo-based debt collection kingpin Douglas MacKinnon, and his companies Northern Resolution Group, LLC and Enhanced Acquisitions, LLC, as well as Mark Gray and his company Delray Capital, LLC, from the debt collection industry, and requiring defendants to pay more than \$66 million in restitution and penalties. MacKinnon, Gray, and their companies routinely inflated debts to try to collect more than consumers were legally obligated to pay. Collection offices working at the behest of MacKinnon and Gray used a variety of illegal tactics to obtain payments, such as threatening consumers with arrest. Additionally, General James and the FTC [announced](#) court orders stopping a scheme to distribute and collect on millions of dollars in "phantom debts," fake debts that consumers did not owe.

North Carolina Attorney General Josh Stein was [granted](#) a default judgment against Utah-based event production companies Lantern Fest Productions and Sack Lunch Productions in a lawsuit he filed last year alleging unfair and deceptive business practices.

Ohio Attorney General Dave Yost [announced](#) the launch of a new online tool to help Ohioans gauge the reputations of businesses and steer clear of those with problematic pasts. In other Ohio news, General Yost [announced](#) a consumer protection lawsuit against a central Ohio concrete contractor accused of performing shoddy work and failing to complete home improvement projects. Additionally, General Yost and the FTC [worked](#) together to shut down a telemarketing scheme.

Pennsylvania Attorney General Josh Shapiro [announced](#) a settlement with Think Finance, a national online payday lender, and an associated private equity firm for allegedly engineering a \$133 million illegal online payday loan scheme that targeted as many as 80,000 Pennsylvania consumers.

West Virginia Attorney General Patrick Morrisey [won](#) a \$76,000 judgment that also orders a home improvement contractor cease any work as a contractor. The court determined Thomas Plumbing Heating & Air Conditioning; its operator, Oscar Thomas; and his wife and fellow participant, April Thomas; each repeatedly and willfully violated the state's consumer protection laws.

A data breach of Capital One may have [affected](#) the personal information of 106 million Capital One credit card holders or credit card applicants in the U.S. and Canada. Attorneys General of [Connecticut](#), [Illinois](#), and [New York](#) announced investigations into the Capital One data breach.

AT&T, Sprint, T-Mobile, and Verizon are [working](#) to curtail robocalls on their platforms.

Newly released federal data [showed](#) 76 billion opioids were distributed between 2006 and 2012.

Former Connecticut Attorney General George Jepson [contends](#) that the opioid "negotiation class action" under consideration in a Cleveland, Ohio court should be rejected, while others [claim](#) the proposed negotiating class would be beneficial to communities nationwide.

## Charities

California Attorney General Xavier Becerra [provided](#) a list of guidelines to Californians who choose to donate to charities through online charitable fundraising platforms.

## Legislation

New York Governor Andrew Cuomo [signed](#) into law the Stop Hacks and Improve Electronic Data Security Act. This consumer privacy policy updates New York's laws governing notification requirements, consumer data protection obligations, and broadens the Attorney General's oversight regarding data breaches impacting New Yorkers.

The U.S. House of Representatives [passed](#) the Stopping Bad Robocalls Act targeted at protecting consumers from illegal robocalls.

Truth in Advertising [posted](#) a breakdown of false advertising laws by state.

## Veterans and Military News

California Attorney General Xavier Becerra and San Diego District Attorney Summer Stephan [announced](#) the arrest of Paul Flanagan, Ranjit Kalsi, and Gregory Lee Martin for operating a tax fraud and identity theft scheme targeting military service members in San Diego County. The defendants allegedly unlawfully deceived service members into signing up and paying for unwanted life insurance policies and annuity contracts. The scheme cost service members approximately \$4.8 million.

Connecticut Attorney General William Tong, Connecticut Department of Veterans Affairs Commissioner Thomas Saadi, and Connecticut Department of Consumer Protection Commissioner Michelle H. Seagull [marked](#) Military Consumer Protection Month by drawing attention to key laws helping to reduce financial pressures on servicemembers while deployed.

Florida Attorney General Ashley Moody [released](#) her new Military Consumer Protection Guide which is full of information about common scams targeting military members, veterans, and their families.

Nevada Attorney General Aaron D. Ford urged members of the military and their families to take steps to protect their financial assets. Members of Nevada's military, veterans, and their families are encouraged to take advantage of the free legal assistance and services provided by the Attorney General's [Office](#) of Military Legal Assistance.

The BBB [released](#) a report on marketplace challenges affecting the military community.

The CFPB [discussed](#) five myths in the military community about personal finance.

The FCC [seeks](#) comment on proposed \$100 million connected care pilot program. The three-year pilot program will bring telehealth services to low-income patients, veterans, and areas lacking adequate health care.

The New York Times [reported](#) on military romance scams.

## Upcoming Events

**NAGTRI Consumer Protection Partner Webinar Series: An Introduction by the CFPB Ombudsman's Office**  
August 7, 2019, 2:00 pm ET - 3:00 pm ET

This webinar covers three areas, including:

- An overview of the CFPB Ombudsman Office's and how this office may be a resource to you;
- A discussion about the Ombudsman Office's work over time that may be of interest in areas such as, ex parte communications and legal disclaimers; and
- A discussion of the office's current work.

Registration is open! [Register here](#)

**2019 NAAG/NASCO Conference**  
October 16-18, 2019, Nashville, Tennessee

This year's NAAG/NASCO Conference will be held in Nashville, Tennessee at the William R. Snodgrass Tower, located at 312 Rosa L Parks Ave., Nashville, TN 37219, starting the morning of October 16 and ending early

afternoon on October 18, 2019. A room block with a special group rate has been secured at the DoubleTree by Hilton Nashville Downtown. This conference is the only annual event at which state charity regulators and nonprofit organizations and their attorneys and accountants have the opportunity to meet, hear about, and discuss issues of interest to the charities community. **From approximately noon on Thursday and until the end of the conference on Friday, sessions are open to the public and provide an opportunity for representatives of the nonprofit sector to meet and participate in discussions with state regulators.** The public sessions aim to address pressing and relevant issues regarding the nonprofit sector. Wednesday and Thursday morning's sessions are for regulators only, providing significant opportunity for charity regulators to discuss the latest topics and learn from each other. An agenda for the public sessions will be made available closer to the conference dates.

We hope you will be there! [Click here](#) for more information.

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**June 2019**



### **Consumer Chief of the Month: Christopher J. Curtis, Vermont**

Greetings from the Green Mountain State! Thank you NAAG and NAGTRI for inviting me to participate in the "Chief of the Month" Club to share a little about myself and the exciting work that General Donovan and our office are doing on behalf of Vermont consumers. I confess that I love this series because it provides a glimpse into what motivates you and your offices, the issues you're working on and it gives me ideas. So, thank you for all you do to bring justice and progress to your constituents. In doing so for your state and its citizens, you inspire creativity and action in other jurisdictions as well.

[Read More](#) ➔

### **Article of the Month: States Can Apply Established Consumer Protection Theories to Emerging Higher Education Issues**

**Matt Liles, Assistant Attorney General, North Carolina  
Department of Justice**

The more than \$1.5 trillion in student debt held by 43 million Americans is not only a significant economic problem, but one that has in part arisen from abusive industry practices. But for attorney general offices, deciding what an office can do to combat the student debt crisis can be challenging.

This is understandable. Higher education is largely governed by a hyper-technical federal regulatory scheme that includes accreditors, state authorizers, and the U.S. Department of Education. But even with this regulatory overlay, there may still be garden variety deception actionable under our consumer protection laws.



[Read More](#) ➔





## Scam Alert:

[Tips to Avoid Home Rental Scams](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB and the Federal Reserve Board jointly [published](#) amendments to Regulation CC that implement a statutory requirement to adjust for inflation the amount of funds depository institutions must make available to their customers.
- The CFPB [announced](#) a settlement with Student CU Connect CUSO, LLC, a company set up to hold and manage private loans for students at ITT Technical Institute.
- The CFPB [announced](#) a settlement with Freedom Mortgage Corporation, one of the ten largest Home Mortgage Disclosure Act reporters nationwide. Under the terms of the consent order, Freedom must pay a civil penalty of \$1.75 million and take steps to improve its compliance management to prevent future violations.

## Federal Communications Commission:

- FCC Commissioner Geoffrey Starks [asked](#) phone companies to provide robocall blocking free of charge to consumers.
- The FCC [approved](#) a Declaratory Ruling to affirm that voice service providers may, as the default, block unwanted calls based on reasonable call analytics, as long as their customers are informed and have the opportunity to opt out of the blocking.

## Federal Trade Commission:

- The FTC and its law enforcement partners [announced](#) a major crackdown on illegal robocalls, including 94 actions targeting operations around the country that are responsible for more than one billion calls pitching a variety of products and services including credit card interest rate reduction services, money-making opportunities, and medical alert systems.
- The defendants behind a New York-based debt collection scheme will be permanently banned from the debt collection industry under a [settlement](#) with the FTC and the New York Attorney General, who alleged that the defendants bilked consumers out of millions of dollars by brokering and collecting on fake debts that people did not owe.
- At the FTC's request, a federal court has temporarily [halted](#) and frozen the assets of Grand Teton Professionals, an alleged credit repair scheme that charged illegal upfront fees and falsely claimed to repair consumers' credit. The company and other defendants are charged with violating the FTC Act and several provisions of the Credit Repair Organizations Act, the Telemarketing Sales Rule, the Consumer Review Fairness Act, the Truth in Lending Act, and the Electronic Funds Transfer Act.
- The operators of a deceptive newspaper subscription scheme are permanently [banned](#) from the direct mail marketing business under a federal court order obtained by the FTC.
- The FTC [reached](#) a settlement with a background screening company over allegations it falsely claimed to be a participant in the EU-U.S. Privacy Shield program. In separate actions, the FTC also sent warning letters to more than a dozen companies for falsely claiming participation in other international privacy agreements.
- The FTC [announced](#) that an Iowa company that sells software and data services to auto dealers has agreed to take steps to better protect the data it collects, to settle FTC allegations that the firm's poor data security practices led to a breach that exposed the personal information of millions of consumers.

- The FTC and the U.S. Food and Drug Administration [sent](#) four warning letters to firms that manufacture and market flavored e-liquid products. E-liquid is a tobacco product. The letters cite postings by influencers on social media sites such as Facebook, Instagram, and Twitter that endorse the target companies' products, without any warnings that the products contain nicotine, an addictive chemical.
- The FTC has [issued](#) two administrative complaints and proposed orders enforcing the Consumer Review Fairness Act, which prohibits businesses from using form contract terms that bar consumers from writing or posting negative reviews online, or that impose financial penalties for doing so.
- The FTC has [approved](#) a proposal to rescind its Guides for the Nursery Industry because they no longer appear necessary and thus serve little purpose for industry or consumers.
- The staff of the FTC has [provided](#) its 2018 Annual Financial Acts Enforcement Report to the Consumer Financial Protection Bureau on its enforcement and related activities regarding Regulation Z (Truth in Lending Act), Regulation M (Consumer Leasing Act), and Regulation E (Electronic Fund Transfer Act).

## Securities and Exchange Commission:

- The SEC [announced](#) that it updated its list of unregistered entities that use misleading information to solicit primarily non-U.S. investors, adding 11 soliciting entities, four impersonators of genuine firms, and nine bogus regulators.
- The SEC [voted](#) to adopt a package of rulemakings and interpretations designed to enhance the quality and transparency of retail investors' relationships with investment advisers and broker-dealers, bringing the legal requirements and mandated disclosures in line with reasonable investor expectations, while preserving access (in terms of choice and cost) to a variety of investment services and products.

## In other federal news:

- The U.S. Department of Justice [announced](#) that opioid manufacturer Insys Therapeutics agreed to a global resolution to settle the government's separate criminal and civil investigations. As part of the criminal resolution, Insys will enter into a deferred prosecution agreement with the government, Insys's operating subsidiary will plead guilty to five counts of mail fraud, and the company will pay a \$2 million fine and \$28 million in forfeiture. As part of the civil resolution, Insys agreed to pay \$195 million to settle allegations that it violated the False Claims Act. Both the criminal and civil investigations stemmed from Insys's payment of kickbacks and other unlawful marketing practices in connection with the marketing of its drug Subsys.
- IC3 posted to its website a [PSA](#) titled "Cyber Actors Exploit 'Secure' Websites In Phishing Campaigns."
- The Government Accountability Office released a [study](#) on the Department of Justice's efforts to prevent elder fraud.
- The Commodity Futures Trading Commission [charged](#) a company and its principal in connection with a \$147 million fraudulent bitcoin trading scheme.

# Attorney General Consumer Protection News and Other Items of Interest

Forty-four attorneys general reached a [settlement](#) with a loan company linked to ITT Tech, a now-bankrupt for-profit college. The settlement will provide more than \$168 million in student loan debt relief to former students of ITT Tech. The settlement with Student CU Connect CUSO LLC (CUSO) will benefit more than 18,000 students nationwide who took out loans with CUSO to attend ITT Tech.

Forty-three attorneys general submitted [comments](#) in response to the FTC's request for public comments for its June 12, 2019 Roundtable with State Attorneys General, which is part of the FTC's public hearings on Competition and Consumer Protection in the 21st Century.

Sixteen attorneys general [reached](#) a settlement to resolve allegations stemming from a data breach that exposed the medical records of more than 3.9 million individuals.

Arizona Attorney General Mark Brnovich [reminded](#) those looking for employment to be on the lookout for possible employment scams. Scam artists are finding new ways or creating twists on old scams to take advantage of those looking to earn money.

Arkansas Attorney General Leslie Rutledge [warned](#) consumers of scammers targeting flood victims.

Delaware Attorney General Kathy Jennings [announced](#) the filing of a civil complaint against a developer, Regal Builders, LLC, its president, Harry Miller, and related entities for allegedly making misleading and deceptive statements in its advertising to prospective homebuyers, and failing to provide disclosures required to prospective home purchasers under Delaware law.

District of Columbia Attorney General Karl A. Racine [sued](#) opioid manufacturer Purdue Pharma L.P., Purdue Pharma Inc., and a former top executive, Dr. Richard Sackler, for allegedly making false and misleading claims about the safety and effectiveness of opioids to get more people to take these addictive drugs and to increase profits.

Florida Attorney General Ashley Moody [launched](#) an app called NO SCAM to help consumers quickly and effectively report price gouging during a declared state of emergency.

Idaho Attorney General Lawrence Wasden [sued](#) opioid manufacturer Purdue Pharma L.P. (Purdue), and the family who owns the company, alleging the company misled and deceived doctors into prescribing more of Purdue's opioids, in increasingly dangerous doses, and for longer periods of time, while persuading doctors and patients alike to forego safer alternatives.

Illinois Attorney General Kwame Raoul and Connecticut Attorney General William Tong [announced](#) an investigation into the data breach at American Medical Collection Agency, which may have exposed the personal information of nearly 12 million patients of Quest Diagnostics and 7.7 million Laboratory Corporation of America patients.

Maryland Attorney General Brian E. Frosh [warned](#) consumers of a scam in which thieves posing as law enforcement swindle money from Marylanders by threatening arrest for missing jury duty or failure to appear as a witness.

Massachusetts Attorney General Maura Healey [announced](#) that a former auto dealer and associated lending and leasing companies have agreed to provide debt relief and credit repair to consumers relating to high-cost auto loans and leases that allegedly violated Massachusetts law.

Michigan Attorney General Dana Nessel [announced](#) she will issue letters to three companies demanding information about a data breach affecting 12 million people around the country. The breach involved at least three companies: American Medical Collection Agency, Quest Diagnostics, and Optum360.

Montana Attorney General Tim Fox [reminded](#) consumers to exercise caution while hiring contractors to repair damage to their homes.

Nebraska Attorney General Doug Peterson [warned](#) of family emergency scams.

Nevada Attorney General Aaron D. Ford [announced](#) that the State of Nevada filed an expanded complaint in its opioid litigation. The lawsuit alleges that the manufacturers, distributors, pharmacies, and individuals created an ecosystem of addiction with deadly consequences to the state and its residents for their own profit.

New York Attorney General Letitia James [announced](#) that Bombas LLC has agreed to pay \$65,000 in penalties and implement a number of data security policies to resolve an investigation by the New York Attorney General's Office into the breach of customer payment cards where the company failed to provide notice of the breach to 39,561 consumers for over three years.

Pennsylvania Attorney General Josh Shapiro [announced](#) that his Office has filed a lawsuit against former Mercer County timeshare reseller Groupwise, Inc. and its former officers, Derek J. McGuire and Andrew J. Harkins. The suit alleges that the defendants violated the Consumer Protection Law by failing to honor the terms of their service agreements.

Rhode Island Attorney General Peter F. Neronha [announced](#) a series of steps to combat deceptive and unfair practices in the ticket resale marketplace in Rhode Island.

South Dakota Attorney General Jason Ravnsborg [advised](#) all South Dakota consumers to be on the lookout for online messages offering free grants.

Vermont Attorney General T.J. Donovan [announced](#) that his office has reached a \$1.75 million settlement with DG Retail, LLC, also known as Dollar General, for violations of Vermont's Consumer Protection Act. Under the settlement, Dollar General resolved claims that it sold products that were advertised on the shelf at a lower price

than the price at the register, even after being told at least 50 times by state inspectors from the Agency of Agriculture, Food and Markets to correct the pricing inaccuracies. The Vermont Foodbank will receive \$100,000 pursuant to the settlement.

Washington Attorney General Bob Ferguson [announced](#) that a Washington state court judge ruled that multi-billion dollar telecommunications conglomerate Comcast violated the Consumer Protection Act more than 445,000 times when it charged tens of thousands of Washingtonians for its Service Protection Plan without their consent. The court ordered Comcast to pay nearly \$9.1 million in penalties, in addition providing restitution to tens of thousands of Washington Service Protection Plan customers.

West Virginia Attorney General Patrick Morrisey [announced](#) his office recently filed suit seeking to stop a rent-to-own business from practicing what he alleges are overly aggressive collection tactics on customers whose accounts are past due.

Report [shows](#) 2.8 billion consumer data records exposed in 2018 costing over \$654 billion to U.S. organizations.

## Charities

Maryland Attorney General Brian E. Frosh [announced](#) a \$2.5 million recovery resulting from multistate litigation against the former operator of several false cancer charities.

## Legislation

Anti-robocall bill [advanced](#) in the House.

The Maine Legislature [passed](#) an internet service privacy bill. The bill requires consumer consent before internet service providers can sell their private data to third parties.

A [bill](#) in the New York State Senate will require companies to disclose their methods of de-identifying personal information, to place special safeguards around data sharing, and to allow consumers to obtain the names of all entities with whom their information is shared.

The Nevada Assembly and Senate [passed](#) a data privacy law that permits consumers to opt-out of data sales by web operators.

A new Tennessee [bill](#) shifts primary consumer protection authority to the Tennessee Attorney General.

## Veterans and Military News

The FTC has [finalized](#) the rule implementing a 2018 law that requires the nationwide consumer reporting agencies to provide free electronic credit monitoring services for active duty military consumers.

## Consumer Protection Trivia

1. What month is designated by the FTC as "military consumer protection month?"
  - A. April
  - B. September
  - C. July
  - D. March
2. The Military Lending Act provides for all the following protections to servicemembers except?
  - A. Imposes a 36% rate cap on most consumer loans
  - B. Bans mandatory arbitration



- C. Requires disclosures for consumer credit extended to servicemembers and their dependents
- D. Protects a servicemember from being fired while on active duty

## Upcoming Events

### **NAGTRI Consumer Protection Partner Webinar Series: Collaboration Between Attorneys General and the Cybercrime Support Network**

July 18, 2019, 2:00 pm ET - 3:00 pm ET

The impact of cybercrime on the economy, personal lives, and our critical infrastructure is growing exponentially each year. Loss estimates are in the trillions worldwide.

Two questions are not being addressed on a national level in the US. Where does a consumer or small business call to report a crime and get help? And, what coordinated resources are available from federal, state, and local law enforcement and consumer protection agencies?

This webinar covers the current cybercrime threat landscape, resources available to victims, and a national program to create the "cyber 9-1-1" and serve victims who are currently underserved. Learn how the national 2-1-1 infrastructure will be utilized to triage cybercrime and online fraud calls and point victims to the services available to them.

Registration is open! [Register here](#)

## Trivia Answers

1. C
2. D

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

**May 2019**



## Consumer Chief of the Month: Betsy DeNardi, Indiana

It's fitting for Indiana to be highlighted in the month of May, as we are the home of the Greatest Spectacle in Racing that occurs every memorial day weekend (the Indianapolis 500 for those unfamiliar).

I am the Director and Chief Counsel of the Consumer Protection Division for the Office of the Indiana Attorney General Curtis T. Hill, Jr. I have held that position for a little more than two years, but I have been working for the Office for over 15 years.

[Read More](#) ➔

## Article of the Month: Taking Down Tech Support Scams

**Genevieve Bonan, Assistant Attorney General, Consumer Protection Division, Office of the Attorney General of Florida**

Bonnie, a retiree in Florida, was going about her day when she received an alarming phone call from someone named Phillip, who said he was from Microsoft. Phillip told her that he detected several hackers in her computer and urgently needed to remotely access the computer to repair the damage. Frightened that her personal information was at risk and trusting that the call was from Microsoft, she followed Phillip's instructions and gave him access to her computer. Phillip pulled up various windows and said he found 46,000 potential hackers trying to get into her computer. For only \$299.00, Phillip offered to install security software and provide certified tech support for Bonnie. There was a discount if Bonnie was a senior citizen, which she is.



[Read More](#) ➔



## Scam Alert:

[Avoid Crowdfunding Scams](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The 9th Circuit [ruled](#) that the CFPB's structure is constitutional.
- The CFPB [filed](#) a lawsuit in the federal district court in the Eastern District of New York against Forster & Garbus, LLP, a New York debt-collection law firm. The CFPB's complaint alleges that Forster & Garbus violated the Fair Debt Collection Practices Act by representing to consumers that attorneys were meaningfully involved in its lawsuits when, in fact, attorneys were not meaningfully involved in preparing or filing them. The CFPB's complaint also alleges that Forster & Garbus violated the Consumer Financial Protection Act's prohibition against deceptive acts and practices by making such representations to consumers through its lawsuits.
- The CFPB [issued](#) a Notice of Proposed Rulemaking (NPRM) to implement the Fair Debt Collection Practices Act (FDCPA). The proposal would provide consumers with clear protections against harassment by debt collectors and straightforward options to address or dispute debts. Among other things, the NPRM would set clear, bright-line limits on the number of calls debt collectors may place to reach consumers on a weekly basis; clarify how collectors may communicate lawfully using newer technologies, such as voicemails, emails and text messages, that have developed since the FDCPA's passage in 1977; and require collectors to provide additional information to consumers to help them identify debts and respond to collection attempts.
- The CFPB [filed](#) a complaint against PGX Holdings Inc. and subsidiaries Progrexion Marketing Inc., Progrexion Teleservices Inc., eFolks LLC, and CreditRepair.com Inc.; and against John C. Heath, Attorney at Law PLLC, which does business as Lexington Law. The lawsuit alleges the defendants violated the Telemarketing Sales Rule by requesting and receiving payment of prohibited upfront fees for their credit repair services.
- The CFPB [announced](#) a settlement with Conduent Education Services, LLC (CES), a student loan servicing company that formerly operated under the name of ACS Education Services. CES is in the process of winding down its business.
- The CFPB [issued](#) a Notice of Proposed Rulemaking (NPRM), which proposes to raise the coverage thresholds for collecting and reporting data about closed-end mortgage loans and open-end lines of credit under the Home Mortgage Disclosure Act (HMDA) rules. The NPRM would provide relief to smaller lenders from HMDA's data reporting requirements and would clarify partial exemptions from certain HMDA requirements that Congress added in the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The CFPB also issued an Advance Notice of Proposed Rulemaking (ANPR) seeking information on the costs and benefits of reporting certain data points under HMDA.

## Federal Communications Commission:

- FCC Chairman Ajit Pai [expects](#) major phone companies to implement SHAKEN/STIR caller ID authentication standards this year, and he will host a summit on July 11, 2019 to examine industry's progress toward meeting this deadline. The summit will also identify any challenges to deployment of the SHAKEN/STIR framework and discuss how best to overcome them.
- FCC Chairman Ajit Pai has [circulated](#) a declaratory ruling that, if adopted, would allow phone companies to block unwanted calls to their customers by default without waiting for customers opt in to call blocking services. In addition, companies could allow consumers to block calls not on their own contact list. The accompanying draft Further Notice of Proposed Rulemaking would propose a safe harbor for providers that implement network-wide blocking of calls that fail caller authentication under the SHAKEN/STIR framework once it is implemented.
- The FCC [warned](#) consumers of a "one ring" phone scam.



- AT&T, Sprint, T Mobile, and Verizon [tell](#) FCC Commissioner Rosenworcel they have stopped selling location data.

## Federal Trade Commission:

- The Federal Trade Commission announced the [agenda](#) for the 14th session of its [Hearings Initiative](#). This session, at Creighton University in Omaha, Nebraska on June 12, 2019, will conclude the FTC's *Hearings on Competition and Consumer Protection in the 21st Century*. Representatives from state attorney general offices will be testifying.
- The ringleader of a California-based student loan debt relief scheme has [agreed](#) to settle the FTC's charges that he bilked \$11 million from consumers who were trying to reduce their student loan monthly payments or get loan forgiveness.
- The FTC has [approved](#) publication of a Federal Register notice announcing the rescission of several model forms and disclosures under the Fair Credit Reporting Act.
- Payment processor Allied Wallet, its CEO and owner Ahmad Khawaja, and two other officers, Mohammad Diab and Amy Rountree, have [agreed](#) to settle FTC charges that they assisted numerous scams by knowingly processing fraudulent transactions to consumers' accounts.
- Following a public comment period, the FTC has [approved](#) a final order settling charges that San Francisco-based UrthBox, Inc. and its principal misrepresented that customer reviews were independent when, in fact, the company provided those customers with free products and other incentives to post positive reviews online.
- At the FTC's request, a U.S. district court in Florida [granted](#) summary judgment against two individuals, approved six settlement agreements involving 11 defendants, and entered a default judgment against the remaining seven defendants, officially ending the massive Pointbreak Media robocall scheme.
- The FTC has [issued](#) three separate proposed administrative complaints and orders enforcing the Consumer Review Fairness Act (CRFA), which prohibits businesses from using form contract provisions that bar consumers from writing or posting negative reviews online, or threatening them with legal action if they do. These are the first FTC actions exclusively focused on enforcing the CRFA.
- The FTC has [taken](#) legal action against the operator of a deceptive crowdfunding scheme who told consumers he was raising money to develop a high-tech backpack and other products, but failed to deliver any of the products and instead used most of the funds for himself.
- Three dating apps have been [removed](#) from Apple's App Store and Google's Google Play Store following allegations by the FTC that the apps allowed children as young as 12 to access them and appeared to be in violation of the Children's Online Privacy Protection Act (COPPA) and the FTC Act.

## Securities and Exchange Commission:

- The SEC [announced](#) settled insider trading charges against a Nevada man who obtained confidential information about a pending corporate merger from a lifelong friend and used it to generate more than \$250,000 in illicit trading profits.
- The SEC [announced](#) it has obtained a court order halting an ongoing \$30 million Ponzi scheme targeting more than 300 investors in the U.S. and Canada. The SEC complaint unsealed charges South Florida-based Argyle Coin, LLC, a purported cryptocurrency business, and its principal Jose Angel Aman with using investor funds to run a Ponzi scheme.
- The SEC [charged](#) investment adviser Stephen Brandon Anderson with defrauding clients by overcharging advisory fees of at least \$367,000.

## In other federal news:

- The Department of Justice [announced](#) that, Shaun Sullivan pleaded guilty in New York federal district court to conspiracy to commit mail fraud by sending fraudulent prize-promotion mailings that led recipients, many of whom were elderly and vulnerable, to believe that they could claim large cash prizes in exchange for a modest fee. None of the victims who submitted fees, which in total exceeded \$30 million, received a substantial cash prize.
- The Department of Justice [announced](#) that an Ohio man was found guilty for his role in an \$7 million telemarketing scheme that defrauded primarily elderly victims in the United States from call centers in Costa Rica.

# Attorney General Consumer Protection News and Other Items of Interest

Forty-two state attorneys general [support](#) rule changes proposed by the Federal Communications Commission that would allow the commission to combat caller ID "spoofing," a technique used by illegal robocallers to disguise the true origin of their call.

Arizona Attorney General Mark Brnovich [warned](#) consumers against moving scams.

Arkansas Attorney General Leslie Rutledge [warned](#) consumers in the market for a RV about high pressure sales tactics.

California Attorney General Xavier Becerra [announced](#) judgments totaling \$1,498,574 in a lawsuit against telemarketers who scammed investors. The company, Consumer Rights Legal Services (CRLS), and four individuals, including CRLS's president and owner, James Davitt, cheated more than 150 victims by offering bogus "investment recovery services" that they claimed would recover money victims had lost from previous investments. Many of the victims were elderly and had already lost hundreds of thousands of dollars from previous schemes.

Connecticut Attorney General William Tong [released](#) Connecticut's unredacted complaint against Purdue Pharma, revealing previously undisclosed emails from Purdue's former director Richard Sackler.

District of Columbia Attorney General Karl A. Racine [announced](#) an estimated \$224,000 judgment in its lawsuit against Xquisite Basements & Kitchens, Inc., a home renovation contractor, and Newton Gaynor, its owner and operator, for providing illegal and incomplete construction work to District consumers and for failing to pay workers.

Florida Attorney General Ashley Moody [warned](#) consumers of Social Security scams.

Indiana Attorney General Curtis Hill [filed](#) a lawsuit against members of the Sackler family, alleging that as owners and directors of Purdue Pharma, the Sacklers have played a key role in worsening the opioid crisis in Indiana. In other Indiana news, General Hill [filed](#) a lawsuit against Equifax seeking civil penalties, consumer restitution, costs and injunctive relief following the finance company's massive 2017 data breach.

Kansas Attorney General Derek Schmidt has [sued](#) Purdue Pharma alleging that the drug company engaged in unlawful practices in the marketing of its opioid products including OxyContin.

Iowa Attorney General Tom Miller [sued](#) Purdue Pharma and its former president and board chairman, Richard Sackler, alleging that the drug company engaged in unfair, deceptive and unlawful practices in the marketing of OxyContin.

Kentucky Attorney General Andy Beshear has [issued](#) a scam alert following a report from a Jefferson County resident who lost \$89,000 to a computer virus scam.

Maryland Attorney General Brian E. Frosh [announced](#) that Maryland has filed charges against the owners and former directors of Purdue Pharma, alleging that the individuals engaged in a pattern of deceptive conduct that encouraged the inappropriate use of opioids for patients who suffer from common chronic pain conditions.

Massachusetts Attorney General Maura Healey has [filed](#) a lawsuit against Eonsmoke LLC, a national retailer of e-cigarette and vaping products that markets its products as "JUUL-compatible," for allegedly violating Massachusetts laws regulating the sale and advertisement of tobacco products.

Michigan Attorney General Dana Nessel [warned](#) southeast Michigan residents facing damage from recent flooding to be on the alert for con artists looking to take advantage of victims desperate to quickly repair damage. In other Michigan news, General Nessel [announced](#) her office has launched an investigation into the business practices of Life Quest of America and its owner the Zampieri Family Trust, created by John Michael Zampieri III. The for-profit telemarketing company based in the state of Wyoming is alleged of lying to potential customers, claiming it has a blind and disabled workforce, to get consumers to pay excessive prices for common household goods.

Minnesota Attorney General Keith Ellison [announced](#) that the State of Minnesota has asked the Hennepin County District Court for permission to amend its lawsuit against opioid manufacturer Purdue Pharma to add eight members of the Sackler family, which owns and operates Purdue, as individual defendants.

Mississippi Attorney General Jim Hood [reminded](#) Mississippians who are suffering property damage because of recent flooding to be on alert for fraudulent home repair contractors and other scammers.

Following heavy thunderstorms and tornadoes that swept through the parts of Missouri, Missouri Attorney General Eric Schmitt [urged](#) Missourians to watch out for price gouging as they buy supplies and be wary of scams as they look to make repairs.

New Mexico Attorney General Hector Balderas [announced](#) a default judgement against an out-of-state non-profit organization that was not complying with state law. This judgement against the "For All Kids" Foundation is the first of its kind in New Mexico, and the first as part of a statewide charity compliance sweep being conducted by the New Mexico Office of the Attorney General.

New York Attorney General Letitia James [announced](#) a settlement with the owner of a Westchester pet store that was falsely advertising and claiming that it specialized in the sale of high quality, responsibly-bred animals. The store sold animals that were bred at large-scale commercial "mills."

North Carolina Attorney General Josh Stein [filed](#) a lawsuit against JUUL for allegedly designing, marketing, and selling its e-cigarettes to attract young people and for misrepresenting the potency and danger of nicotine in its products in violation of North Carolina's Unfair and Deceptive Trade Practices Act. North Carolina is the first state to take legal action against JUUL.

Ohio Attorney General Dave Yost [announced](#) a consumer protection lawsuit against a used car dealership and its owner who failed to deliver vehicle titles to customers in northeast Ohio.

Oklahoma Attorney General Mike Hunter [issued](#) a consumer alert after a rash of scam phone calls from Sierra Leone have hit Oklahomans with Tulsa area codes.

Pennsylvania Attorney General Josh Shapiro announced a [lawsuit](#) against Purdue Pharma, the creator of prescription painkiller OxyContin, accusing the company of a multi-faceted, illegal effort to market OxyContin in Pennsylvania. Shapiro's suit is the first to specifically detail Purdue's barrage of sales representatives targeting Pennsylvania doctors as a key facet of their campaign to push addictive opioids on Pennsylvanians.

Tennessee Attorney General Herbert H. Slatery III [sued](#) Endo Pharmaceuticals and Endo Health Solutions Inc. for allegedly making unlawful and false claims about the safety and benefits of its opioid products.

Texas Attorney General Ken Paxton [announced](#) that his Consumer Protection Division settled lawsuits against two Texas gas stations accused of price gouging during the declared disaster for Hurricane Harvey. The attorney general's office also secured Assurances of Voluntary Compliance with four Dallas-Fort Worth Metroplex gas stations.

Vermont Attorney General T.J. Donovan has [sued](#) eight members of the Sackler family, owners of Purdue Pharma L.P., makers of the opioid OxyContin, among others. The lawsuit alleges that for over two decades the Sacklers personally oversaw Purdue's deceptive marketing campaign.

West Virginia Attorney General Patrick Morrisey [filed](#) suit against Purdue Pharma and former chief executive Richard Sackler alleging their unlawful marketing of opioids helped fuel the substance abuse epidemic, which has caused historic levels of addiction and widespread death. In other West Virginia news, General Morrisey [warned](#) state residents of a massive, internationally-based telephone scam with the potential to cost mobile phone users thousands of dollars.

Wisconsin Attorney General Josh Kaul [announced](#) the creation of the Public Protection Unit within the Division of Legal Services at the Wisconsin Department of Justice. This unit has been created by merging DOJ's Environmental Protection Unit and Consumer Protection Unit.

BBB issued a new [study](#) on the number of counterfeit goods sold online.

Facebook is [facing](#) years of government oversight over its privacy policies.

# Charities

Florida Attorney General Ashley Moody [issued](#) a Consumer Alert about crowdsourcing charity scams. These scams often use a disaster or fake personal tragedy story to exploit people's good intentions.

Maryland Attorney General Brian E. Frosh and Secretary of State John C. Wobensmith [announced](#) a settlement with CopStress, Inc., a 501(c)(3) tax exempt organization and its founder, Richard A. Willard, a retired Baltimore City Police Officer. Anne Arundel County Circuit Court Judge Ronald A. Silkworth approved the consent order requiring CopStress, Inc. and Willard to cease all charitable soliciting and to turn over remaining donations to an organization whose mission matches charitable solicitations at issue in the case.

Texas Attorney General Ken Paxton [announced](#) that the Consumer Protection Division of his office filed a lawsuit seeking a permanent injunction preventing Douglas W. Monahan and his company, iBackPack of Texas, LLC, from participating in deceptive crowdfunding schemes in violation of the state's Deceptive Trade Practices Act.

# Legislation

Forty-Seven attorneys general [support](#) an amendment to Section 230 of the Communications Decency Act that would ensure state and local authorities have the power to take action against criminals who are profiting from illegal online activity.

The U.S. Senate [passed](#) the Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act which would give the federal government more power to fight robocalls. The Act was supported by 54 state and territory attorneys general.

California state lawmakers are [consulting](#) with experts to determine how to proceed with the concept of a "data dividend," a payment that the state or its residents would receive from companies who sell users' personal information. Challenges, however, include uncertainty among officials about what the personal data is actually worth.

Colorado Attorney General Phil Weiser joined Governor Jared Polis for the [signing](#) of legislation that amends the Colorado Consumer Protection Act (CCPA) and gives the Colorado Attorney General's Office more tools to crack down on scams and unfair business practices. Under the new law, the attorney general would no longer have to demonstrate a company had a specific intent to commit a deceptive business practice that has a significant public impact, but could instead hold bad actors accountable early on so long as their actions recklessly harm consumers. Additionally, the bill adds a "catch-all" provision against any deceptive practice that harms consumers rather than the list of narrowly defined acts and practices the CCPA previously defined as fraud.

The FTC [testified](#) before the House Energy and Commerce Subcommittee on Consumer Protection and Commerce about its efforts to effectively protect consumers and promote competition, while anticipating and responding to changes in the marketplace. The testimony urged Congress to enact privacy and data security legislation, enforceable by the FTC, which would grant the agency civil penalty authority, targeted APA rulemaking authority, and jurisdiction over non-profits and common carriers.

Nebraska Governor Pete Ricketts [signed](#) LB 6 into law. LB 6 provides for the spouse or legal dependent of a person on active duty military assigned to a permanent duty station in Nebraska to continue to receive in-state tuition from the time of acceptance for admission for as long as the person remains continuously enrolled, even if the military person retires or is re-assigned to a new duty station.

The ABA says that Vermont's new consumer protection [law](#) could be a harbinger for tech industry.

# Veterans and Military News

Fifty-one attorneys general [urged](#) the U.S. Department of Education to automatically forgive the student loans of veterans who became totally and permanently disabled in connection with their military service.

The CFPB significantly [expanded](#) its Misadventures in Money Management financial education tool to active-duty servicemembers. Misadventures in Money Management ([MIMM.gov](http://MIMM.gov)) was initially developed for future servicemembers who signed a contract to enlist in the armed forces, but had not yet shipped off to basic military



training. The CFPB is expanding the program to be available for all servicemembers on active duty, including in the Reserve or the National Guard.

## Consumer Protection Trivia

1. Which federal agency was formed by the Dodd - Frank Wall Street Reform and Consumer Protection Act?
  - A. The Consumer Financial Protection Bureau
  - B. The Federal Trade Commission
  - C. The Securities and Exchange Commission
  - D. The Consumer Product Safety Commission
2. What type of scam involves a perpetrator posing as a potential employer asking a consumer to pay in order to obtain a job?
  - A. Grandparents scam
  - B. Tech support scam
  - C. Employment scam
  - D. Home repair scam

## Upcoming Events

### **NAGTRI Webinar: No-Call Law Enforcement Training**

June 3, 2019, 1:00 pm ET - 4:00 pm ET

This webinar covers three topics related to unwanted telemarketing calls, including:

- Investigating a No-Call Case: Exploring investigative approaches and tools used by different agencies, the challenges we face, and how we can work together;
- Common Defenses: Examining the defenses frequently raised by telemarketers and how to overcome them; and
- Vicarious Liability: Discussing the enforcement challenges created by lead generators and affiliate marketers.

Registration is open! [Register here](#)

### **NAGTRI Consumer Protection Partner Webinar Series: Collaboration Between Attorneys General and the Cybercrime Support Network**

July 18, 2019, 2:00 pm ET

The impact of cybercrime on the economy, personal lives, and our critical infrastructure is growing exponentially each year. Loss estimates are in the trillions worldwide.

Two questions are not being addressed on a national level in the US. Where does a consumer or small business call to report a crime and get help? And, what coordinated resources are available from federal, state and local law enforcement, and consumer protection agencies?

This webinar covers the current cybercrime threat landscape, resources available to victims, and a national program to create the "cyber 9-1-1" and serve victims who are currently underserved. Learn how the national 2-1-1 infrastructure will be utilized to triage cybercrime and online fraud calls and point victims to the services available to them.

Registration is open! [Register here](#)

# Trivia Answers

1. A
2. C

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**April 2019**



### **Consumer Chief of the Month: Meghan Stoppel, Nebraska**

Two years. It hardly seems possible that almost two years have passed since I became the Consumer Protection Division Chief in Nebraska. I previously worked as an assistant attorney general in Kansas for almost eight years, and people often ask me whether Nebraska is a lot like my home state.

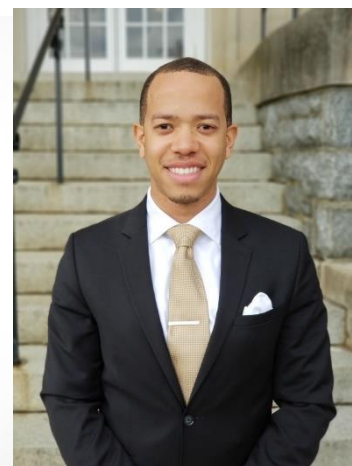
After two years, I can tell you there is plenty that sets Nebraska apart. From its one-of-a-kind unicameral legislature to the annual College World Series, there is plenty for Nebraska to claim as its own. But I have been most impressed, so far, by the Nebraskans I have met to date. In fact, I have spent much of the last two years learning just why so many people are so proud to call Nebraska “home.”

[Read More](#) ➤

### **Article of the Month: New Technology, But Just the Same Old Traditional Fraud**

**Richard V. Rodriguez, Assistant  
Attorney General, Office of Consumer  
Protection, Office of the Attorney  
General for the District of Columbia**

**Joshua Morris, Assistant Attorney  
General, Office of the Attorney  
General for the District of Columbia**



Crowdfunding has fast entered many people's lexicons in the past ten years. It has grown from a \$2.7 billion market in 2012 to a \$34.4 billion market in 2015 and is predicted to have a \$300 billion potential by 2025. [\[1\]](#) Crowdfunding is the practice of funding a project or business idea by raising small amounts of money from a large number of people, typically via the Internet. Crowdfunding has been used to fund a wide variety of activities, from new business ideas—be it goods or services—to disaster relief or political campaigns. A crowdfunding campaign typically involves a platform, creator(s), and backers. The “platform” is the website or organization that hosts or facilitates the crowdfunding campaigns. The “creator” is the person or business that creates the campaign. The “backers” are the people who pay or donate the small amounts of money to fund a campaign.

## NAAG Consumer Protection Spring Conference: Public Day Draft Agenda Available

### NAAG Consumer Protection Spring Conference

May 20 - 22, 2019, Washington, DC

The public day draft agenda is now available for the NAAG Consumer Protection Spring Conference!

Please [click here](#) to view the agenda.

This year's NAAG Consumer Protection Spring Conference will be held in Washington, D.C. at the [Renaissance Washington, DC Downtown Hotel](#) from May 20-22, 2019. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Monday, May 20 from 11:45 a.m. until 7:30

p.m., the private, nonprofit, and government sectors are invited to attend the public portion of the conference.

This will include a panel of attorneys general, as well as sessions on privacy and data, cryptocurrencies, and telecom issues. There will also be an open-mic discussion of private sector issues. The public portion of the conference includes lunch and an evening reception. The public agenda will be posted on the NAAG website in the near future.

[Read More](#) 

Registration is open! [Register here](#)



## Scam Alert:

[Beware when donating to Notre Dame repair](#)

## Federal Consumer Protection News

### Consumer Financial Protection Bureau:

- The CFPB [announced](#) changes to policies regarding Civil Investigative Demands (CIDs) to ensure they provide more information about the potentially wrongful conduct under investigation.
- CFPB Director Kathleen L. Kraninger [announced](#) a symposia series exploring consumer protections in today's dynamic financial services marketplace. The series is aimed at stimulating a proactive and transparent dialogue to assist the CFPB in its policy development process, including possible future rulemakings. During each symposium, the CFPB will host a discussion panel of experts with a variety of viewpoints on the topic.



## Federal Trade Commission:

- The FTC has rescheduled a roundtable with the state attorneys general, which originally had been planned for March 25 as part of the agency's [Hearings Initiative](#), for June 12 at Creighton University in Omaha, Nebraska.
- The operators of an online rewards website and a dress-up games website have separately [agreed](#) to settle FTC allegations that they failed to take reasonable steps to secure consumers' data, which allowed hackers to breach both websites.
- The FTC has released the [agenda](#) for its May 8 event, Strictly Business: An FTC Forum on Small Business Financing. The forum will explore trends and consumer protection issues in the small business financing marketplace, including the recent proliferation of online loans and alternative financing products.
- Avant, LLC, an online lending company, has [agreed](#) to settle the FTC's charges that it engaged in deceptive and unfair loan servicing practices, such as imposing unauthorized charges on consumers' accounts and unlawfully requiring consumers to consent to automatic payments from their bank accounts.
- The FTC Data Spotlight [shows](#) a steep rise in complaints about Social Security scams which have overtaken IRS complaints.
- The FTC has [charged](#) a telemarketing operation and its owners with making millions of illegal, unsolicited calls about educational programs to consumers who submitted their contact information to websites promising help with job searches, public benefits, and other unrelated programs.
- Twelve corporate and four individual defendants have [settled](#) FTC charges that they deceptively marketed "cognitive improvement" supplements using sham news websites containing false and unsubstantiated efficacy claims, references to non-existent clinical studies, and fraudulent consumer and celebrity endorsements.
- The FTC will [hold](#) a public workshop on August 7, 2019 to examine consumer protection issues related to video game "loot boxes"—in-game rewards players can buy while playing a video game.
- A federal judge has [ordered](#) journal publisher and conference organizer Srinubabu Gedela and his companies to pay more than \$50.1 million to resolve FTC charges that they made deceptive claims to academics and researchers about the nature of their conferences and publications, and hid steep publication fees.
- As part of its ongoing efforts to ensure that dietary supplements and other health-related products are advertised truthfully, and that efficacy claims made for such products are supported by competent and reliable scientific evidence, the FTC [joined](#) the U.S. Food and Drug Administration in sending warning letters to three companies marketing products containing cannabidiol to treat and cure a variety of serious diseases and conditions.

## Securities and Exchange Commission:

- The SEC [charged](#) a New York City man with continuing a previously charged scheme, stealing millions of dollars from investors who were allegedly falsely promised their funds would be used for the purchase and resale of tickets to Broadway shows and a sporting event.
- The SEC [charged](#) a former senior lawyer at SeaWorld Entertainment Inc. with insider trading based on nonpublic information that the company's revenue would be better than anticipated for the second quarter of 2018.
- The SEC unveiled a public service [campaign](#) to empower Main Street investors to take control of their financial future. The public service announcement encourages investors to use the free tools and unbiased information available on the SEC's online resource for investor education—Investor.gov—to get answers to their questions about investing.
- The SEC's Office of Investor Education and Advocacy created an investor [checklist](#) to help investors get started with creating their own saving and investing plan.
- The SEC [charged](#) the former CFO and two former employees of a publicly traded transportation company with fraud for manipulating the company's financial results in order to meet earnings targets and projections.

## In other federal news:

- A federal court struck [down](#) the exemption in the Telephone Consumer Protection Act for government-backed debt calls on first amendment grounds.
- The FBI Internet Crime Complaint Center released its 2018 annual [report](#).
- The Department of Justice [announced](#) that General Electric (GE) will pay a civil penalty of \$1.5 billion under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) to resolve claims involving subprime residential mortgage loans originated by WMC Mortgage (WMC), a GE subsidiary. WMC, GE, and their affiliates allegedly misrepresented the quality of WMC's loans and the extent of WMC's

internal quality and fraud controls in connection with the marketing and sale of residential mortgage-backed securities (RMBS). FIRREA authorizes the federal government to seek civil penalties for violations of various predicate criminal offenses, including wire and mail fraud where the violation affects a federally insured financial institution.

- The Commodity Futures Trading Commission [announced](#) that on March 18, 2019, District Judge James Lawrence King of the U.S. District Court for the Southern District of Florida entered an order finding Coral Gables, Florida resident Robert Escobio in contempt for failing to pay more than \$1.5 million in previously-ordered restitution to defrauded customers of Mr. Escobio's now-defunct precious metals firm, Southern Trust Metals, Inc.
- The Department of Justice [announced](#) that a U.S. citizen who resided in Costa Rica pleaded guilty for his role in a "sweepstakes fraud" scheme that defrauded hundreds of U.S. residents, many of them elderly.
- The Department of Justice [announced](#) that two owners of an Arizona business were charged in an indictment unsealed for overseeing a scheme to forge hundreds of thousands of counterfeit documents containing improperly obtained personal information, primarily relating to senior citizens, which they allegedly sold to their clients, who then allegedly provided this information to telemarketers.

## Attorney General Consumer Protection News and Other Items of Interest

Arkansas Attorney General Leslie Rutledge [filed](#) a consumer protection lawsuit against Little Rock-based Bourbon & Boots Acquisition Company LLC, and its owner, Rodney Ford, for allegedly failing to deliver items ordered by consumers, failing to fulfill orders of advertised products, and failing to refund moneys for unfulfilled orders or substandard products. In other Arkansas news, General Rutledge [warned](#) consumers of scammers posing as employees of legitimate and trusted businesses such as pest control, lawn care, or alarm companies in an attempt to steal personal information from Arkansans.

California Attorney General Xavier Becerra, with Alameda County District Attorney Nancy E. O'Malley and San Mateo County District Attorney Stephen M. Wagstaffe, [announced](#) a \$4.6 million settlement involving Advantage Rent A Car and its affiliate E-Z Rent-A-Car (Advantage) following a multi-year joint investigation into violations of California's consumer protection laws. The settlement – incorporated into a stipulated judgment which also includes comprehensive injunctive terms to prevent future misconduct – resolves allegations that Advantage frequently charged its customers artificially inflated prices for rental vehicle repair.

Delaware Attorney General Kathleen Jennings [announced](#) an auto finance company operating in Delaware, Exeter Finance LLC, has agreed to provide significant consumer relief for its role in financing subprime auto loans to hundreds of Delaware car buyers.

Florida Attorney General Ashley Moody took [action](#) against a custom trailer company, its owner and two managers for deceiving customers. A complaint filed in Polk County against Husky Cargo, LLC, and two managers, Dwayne Pass and Tammy Pass, alleges that the business collected down payments for custom trailers that were not delivered or built as promised according to customer requirements. In other Florida news, General Moody [issued](#) a Consumer Alert about an increasingly common vacation rental scam that involves the use of fake online ads posted to deceive consumers.

Idaho Attorney General Lawrence Wasden [announced](#) the conclusion of a consumer protection lawsuit against manufactured home retailer Hathaway Homes Group, LLC, and its former owner, Paul J. Hathaway for allegedly accepting down payments for new, unbuilt manufactured, and modular homes that were never ordered from manufacturers. Consumers also alleged Hathaway misrepresented the conditions of his used homes and failed to perform the warranty work on his installed homes. In other Idaho news, General Wasden has [announced](#) a settlement resolving the state's consumer protection lawsuit against Boise-based Renaissance Consign, LLC, and owner Dale Corson. The settlement requires Corson to pay refunds to consumers and permanently prohibits him from operating a consignment business in Idaho.

Illinois Attorney General Kwame Raoul [filed](#) a lawsuit against Purdue Pharma L.P. and Purdue Pharma Inc. over its alleged deceptive marketing practices designed to significantly increase prescriptions issued for opioids.

Indiana Attorney General Curtis Hill [warned](#) Hoosiers to beware of scammers who descend on storm-affected communities in order to take advantage of homeowners needing repairs. In other Indiana news, General Hill is [pursuing](#) legal action against a promotions company over allegations of deceptive advertising. The issue involves mailings that allegedly lead Hoosiers to falsely believe they have won valuable prizes.

Iowa Attorney General Tom Miller [warned](#) Iowans in the 56 counties declared disaster areas to look out for price gouging and other scams.

Maryland Attorney General Brian E. Frosh [announced](#) that his Consumer Protection Division has filed charges against Cash-N-Go, Inc., Brent M. Jackson, and related businesses owned and operated by Jackson under the "Cash-N-Go" name for allegedly making unlicensed and usurious consumer loans, referred to as "title loans" or "title pawns," which put vulnerable Maryland consumers at risk of losing their motor vehicles.

Massachusetts Attorney General Maura Healey [announced](#) that a finance company operating in Massachusetts, Exeter Finance LLC, will pay more than \$5.5 million for its role in allegedly financing unfair, subprime auto loans for Massachusetts car buyers. In other Massachusetts news, General Healey [announced](#) that a national mortgage servicing company will pay \$2 million and undertake affordable loan modifications for affected Massachusetts homeowners. The settlement resolves allegations that Caliber Homes Loans Inc. (Caliber) failed to help borrowers avoid foreclosure and instead gave homeowners unaffordable loan modifications with ballooning monthly payments they could not afford.

Michigan Attorney General Dana Nessel [filed](#) a class-action lawsuit on behalf of Michigan consumers against Go Workout Frandor and its owner, Steven Millenbach. The lawsuit comes after the company failed to provide satisfactory assurances in response to a Notice of Intended Action issued by the attorney general in early February.

Mississippi Attorney General Jim Hood [reminded](#) Mississippians who suffered property damage as a result of recent storms to be on alert for tree cutters and home repair contractors who may be scammers.

Missouri Attorney General Eric Schmitt [announced](#) a guilty plea and the sentencing of a St Louis County contractor for home repair fraud.

Montana Attorney General Tim Fox [warned](#) Montanans of confusing vehicle service websites charging consumers for services offered free of charge through the state's Motor Vehicle Division official online presence.

New Hampshire Attorney General Gordon J. MacDonald [announced](#) that an enforcement action under the Consumer Protection Act has been brought against Tyler Thomson, the owner of Amherst Roofing, of Amherst, New Hampshire for unfair and deceptive trade practices related to his roofing business.

New Jersey Attorney General Gurbir S. Grewal and the Bureau of Securities within the Division of Consumer Affairs [proposed](#) a new rule to strengthen investor protections in New Jersey by requiring all investment professionals registered with the Bureau to place their customers' interests above their own when recommending securities or providing investment advice.

New York Attorney General Letitia James [announced](#) an investigation into Facebook's unauthorized collection of 1.5 million Facebook users' email contact databases. In other New York news, General James [announced](#) a lawsuit filed against Park Avenue Stem Cell, a New York City for-profit stem cell clinic, and its managing doctor, Dr. Joel B. Singer, M.D., for allegedly engaging in fraudulent and illegal advertising regarding its stem cell procedures.

The New York Department of Financial Services [announced](#) the creation of the Consumer Protection and Financial Enforcement Division. The new division is responsible for protecting and educating consumers and fighting consumer fraud, as well as ensuring that regulated entities comply with New York and federal law in relation to their activities serving the public.

North Carolina Attorney General Josh Stein was [granted](#) a temporary restraining order against a real estate business involved in a lawsuit he filed alleging unfair and deceptive trade practices. The lawsuit alleges that the defendants buy properties from distressed homeowners with promises to deliver cash in hand or pay all closing costs, among other false advertising.

North Dakota Attorney General Wayne Stenehjem [announced](#) that a Fargo contractor and business owner, Timothy Rosene, is barred from doing business in North Dakota for at least the next five years. In October 2017, the Attorney General's Consumer Protection division initiated an investigation of Rosene, doing business as Studs to Rugs, Inc., after receiving multiple complaints from homeowners that his business took numerous large deposits before abruptly closing without warning and without providing any refunds.

Ohio Attorney General Dave Yost [filed](#) a consumer protection lawsuit against a used car dealership and its owner who allegedly failed to deliver vehicle titles to central Ohio customers. In other Ohio news, General Yost [announced](#) two different consumer protection lawsuits against home improvement contractors accused of

performing shoddy work and failing to deliver promised services. Additionally, General Yost and the FTC [announced](#) that a dozen Ohioans who fell victim to a widespread tech support scam will soon receive refunds totaling more than \$5,000.

Pennsylvania Attorney General Josh Shapiro [announced](#) a settlement agreement with Continental Real Estate Management, a State College based property manager, following a review of the property manager's security deposit practices by the Office of Attorney General's Bureau of Consumer Protection. In other Pennsylvania news, General Shapiro [announced](#) that his office filed a lawsuit against Crown Food Carts, Inc. and Robert W. Scifo, individually. The lawsuit alleges that the defendants entered into contracts with small businesses to sell mobile food vending trucks, carts, and trailers, as well as related equipment and supplies through the internet, but failed to deliver the products and/or delivered incorrect products after substantial delays.

Virginia Attorney General Mark R. Herring has [obtained](#) a permanent injunction and final judgment against Ricky Harmon Pettit for violating the Virginia Consumer Protection Act by providing unlicensed contractor work in consumers' homes in Central and Northern Virginia. Pettit worked under various names including Pettit's Home Improvement, Ricky H. Pettit Home Improvement, and R. H. Pettit Builders.

Washington Attorney General Bob Ferguson's [announced](#) that Johnson & Johnson will pay \$9.9 million to avoid going to trial for misrepresentations and failure to include serious risks in the instructions and marketing materials for surgical mesh devices.

West Virginia Attorney General Patrick Morrissey [announced](#) that he won restitution, a civil penalty and obtained a court order to permanently block a Putnam County flooring contractor from any future work in the area of home improvement sales and installation.

Wisconsin Attorney General Josh Kaul [announced](#) that hundreds of Wisconsin consumers were provided restitution for companies alleged to have violated consumer protection laws.

Facebook believes it may be [fined](#) close to \$5 billion related to the FTC's investigation of its data practices.

Microsoft [reports](#) hacking of email accounts.

Robocalls [hit](#) an all-time high in March when Americans endured 5.23 billion robocalls.

Yahoo offers \$117.5 to [settle](#) data breach cases.

Verizon is set to [release](#) robocall blocking technology.

## Charities

Arizona Attorney General Mark Brnovich [warned](#) Arizonans to protect themselves from charity scams after the fire at the Notre Dame Cathedral in Paris.

Johnny Bobbitt, a homeless man accused of helping fabricate a "good Samaritan" story to receive \$400,000 in donations, was [sentenced](#) to five years' probation. Bobbitt, Katelyn McClure and Mark D'Amico are accused of making up the story and then seeking donations via the crowdfunding site GoFundMe, and Bobbitt's subsequent lawsuit against McClure and D'Amico prompted an investigation.

The Department of Justice [announced](#) that a federal court in Miami, Florida, permanently barred Michael L. Meyer from organizing, selling, and making statements about the tax benefits of an allegedly abusive charitable giving tax scheme. The court's injunction specifically prohibited Meyer from selling the Ultimate Tax Plan, sometimes referred to as a Charitable LLC or Charitable Limited Partnership. In addition, the court barred Meyer from preparing federal tax returns, performing appraisals for federal tax purposes, representing anyone other than himself before the IRS, furnishing tax advice about charitable contributions, and making statements about transactions having a significant purpose of tax avoidance.

## Legislation



Twenty state attorneys general [submitted](#) a statement for consideration during a joint field hearing of the U.S. House Education and Labor and Veterans Affairs Committees in El Cajon, California.

Nebraska Attorney General Doug Peterson [testified](#) before the Senate Subcommittee on Communications, Technology, Innovation, and the Internet in regards to illegal robocalls.

U.S. Senators [introduced](#) a bill to ban online social media companies from tricking consumers into giving up their personal data.

A bill [requested](#) by Washington Attorney General Ferguson that strengthens Washington's data breach notification laws passed the Washington legislature. The new law requires consumer notification if a hacker obtains private data such as passport numbers, usernames and passwords.

## Veterans and Military News

Montana Attorney General Tim Fox's Office of Consumer Protection and the Montana National Guard [alerted](#) consumers about the accessibility of military records free of charge for servicemembers and their families.

A new [report](#) says some colleges receiving the most GI benefits spend the least on education veterans.

The CFPB Office of Servicemember Affairs [released](#) a detailed research brief on the financial well-being of veterans. According to this national [survey](#), which measured the financial well-being of Americans across the country, veterans, as a group, experience somewhat higher levels of financial well-being than the average American.

The Department of Justice [announced](#) that a settlement has been reached with the City of Glendale, Arizona, resolving a lawsuit filed by the Department of Justice under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) on behalf of Arizona Air National Guard Member Rebecca Cruz.

The Department of Justice announced that it [filed](#) a complaint in federal court against the Warren County, North Carolina, Board of Education (Warren County), to protect rights guaranteed to an Army Reservist, Command Sergeant Major Dwayne Coffey (CSM Coffey), by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

United States Attorney Sherri A. Lydon [announced](#) that a federal grand jury in Greenville, South Carolina, returned an indictment alleging a conspiracy to engage in mail and wire fraud. Scott A. Kohn, age 64, of Newport, California, and Future Income Payments, LLC (FIP), an entity organized under the laws of Nevada, are charged in the indictment. According to the indictment, FIP operated a Ponzi scheme in which it actively recruited pension holders who were desperate for money, including many veterans of the United States Armed Forces. The pensioners made monthly payments to FIP in exchange for a lump sum payment or loan. The adjusted annual percentage rate on these transactions often exceeded 100%.

## Consumer Protection Trivia

1. What type of scam involves a seller posting online a normally high dollar good such as a luxury clothing item for a fraction of the normal price but when a consumer buys the good, they never receive it?
  - A. Prize and sweepstakes scam
  - B. Fake merchandise scam
  - C. Imposter scam
  - D. Tech support scam
2. In what year did the National Conference of Commissioners on Uniform State Laws draft the model Uniform Deceptive Trade Practices Act?
  - A. 1928
  - B. 1944
  - C. 1964
  - D. 1975

# Upcoming Events

## **NAGTRI Charities Webinar: Ten Issues Under the Rules of Professional Conduct for Charities Lawyers**

May 6, 2019, 2:00 pm ET - 3:00 pm ET

As of November 1, 2018, all states are covered by some version of the ABA Model Rules of Professional Conduct. This webinar covers ten common ethical issues arising under the Model Rules, including:

- Can you speak to a citizen of your state who is represented by an attorney?
- Can you refuse to tell the legislature embarrassing information you learned about charities decision making at the attorney general's office?
- Can your press office publish information about the prior conduct, or prior criminal record of a fundraiser when you bring an injunctive action?
- If an in-house attorney approaches you as a whistle-blower about his employer, should you accept his or her information and documents?
- If a defense lawyer tells you he represents all board members, officers, and employees, when can you send out investigators to speak with employees without him or her?
- What is an attorney manager's duty to make sure the attorneys they supervise comply with the Rules of Professional Conduct?

Registration is open! [Register here](#)

## **NAGTRI Webinar: Consumer Sentinel Network Data Book 2019 - Interactive, Updated, and Mapped**

May 15, 2019, 2:00 pm ET - 3:00 pm ET

Join the FTC for a webinar on the top consumer protection problems people reported in 2018 and for a look at how to use new interactive maps and charts online to find out what is happening in your state and metropolitan areas. This webinar will help you find and download useful information about top fraud dollar losses and payment methods, identity theft, and how fraud affects different age groups and people with a military background.

Registration is open! [Register here](#)

# Trivia Answers

1. B
2. C

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**March 2019**



### **Consumer Chief of the Month: Max Weinstein, Massachusetts**

Thanks very much to the NAGTRI Center for Consumer Protection for making me the Consumer Protection Chief for the month of March. March features National Consumer Protection Week, March Madness, and the Ides of March – what a month! Except that the weather in Boston is terrible. Speaking of which, I am the Chief of the Consumer Protection Division in the Office of Massachusetts Attorney General Maura Healey. It is quite a privilege to work for Attorney General Healey, who is an inspiring leader and an accomplished advocate for civil rights and consumer protection. She is also [very good](#) at [basketball](#).

[Read More](#) ➔

### **Article of the Month: Supporting the Public Health: Eliminating Negative Reimbursements by Pharmacy Benefit Managers**

**Shawn J. Johnson, Senior Assistant Attorney General  
Office of the Arkansas Attorney General**

Pharmacists are important front-line healthcare providers. They dispense prescription generic and brand-name drug medications to consumers and commonly serve as small businesses for our communities across the United States. Importantly, like other businesses, they obtain their inventories from wholesalers (e.g., AmerisourceBergen, Cardinal, McKesson, etc.) and sell the inventory to consumers, receiving payment either through insurance claims or through cash transactions. Prescription drugs constitute 92% of total dollar sales in independent, community pharmacies, and because generic drugs are typically cheaper than brand name drugs, generics constitute a substantial portion of these transactions.

[Read More](#) ➔







## New NAGTRI Consumer Protection Website:

The National Attorneys General Training and Research Institute's Center for Consumer Protection launched its new consumer-focused website, [ConsumerResources.org](https://ConsumerResources.org), which is designed to be a national hub of consumer protection information and resources for consumers from state and territory attorneys general.



## Scam Alert:

[Keep Tech Support Strangers Out of Your Computer](#)

## Federal Consumer Protection News

### Consumer Financial Protection Bureau:

- The CFPB released its annual [report](#) to Congress on the administration of the Fair Debt Collection Practices Act.
- The CFPB issued a suspicious activity [report](#) on elderly financial exploitation.
- The CFPB [released](#) its 18th edition of Supervisory Highlights. The report covers Bureau supervision activities generally completed between June 2018 and November 2018, and includes examination findings in the areas of automobile loan servicing, deposits, mortgage servicing, and remittances.

### Federal Trade Commission:

- The FTC is [rescheduling](#) a roundtable with the state attorneys general, which originally had been planned for March 25 as part of the agency's [Hearings Initiative](#), due to logistical issues. A new date and further details for the session will be announced as soon as they become available.
- As part of a state, federal, and international crackdown on tech support scams, the FTC has temporarily [shut down](#) a Utah-based scheme that tricked consumers into believing their computers were infected with viruses in order to sell them costly computer repair services.
- FTC Chairman Joe Simons [released](#) the agency's 2018 Annual Highlights, highlighting the FTC's ongoing efforts to protect the interests of consumers and promote a competitive marketplace.
- Office Depot, Inc. and a California-based tech support software provider have [agreed](#) to pay a total of \$35 million to settle FTC allegations that the companies tricked customers into buying millions of dollars' worth of computer repair and technical services by deceptively claiming their software had found malware symptoms on the customers' computers.
- The FTC [issued](#) orders to seven U.S. Internet broadband providers and related entities seeking information the agency will use to examine how broadband companies collect, retain, use, and disclose information about consumers and their devices.
- The FTC announced a [crackdown](#) that stopped operations responsible for billions of illegal robocalls.
- The FTC and the CFPB [reported](#) on their 2018 activities to combat illegal debt collection practices. The annual report to Congress on the administration of the Fair Debt Collection Practices Act highlights both

agencies' efforts to stop unlawful debt collection practices, including robust law enforcement, education and public outreach, and policy initiatives.

- The FTC released its annual [report](#) highlighting its privacy and data security work for 2018.
- Four defendants in a multi-million dollar business coaching scheme known as Digital Altitude, including the scheme's former CEO, will pay \$1.9 million to [settle](#) FTC allegations that they deceived consumers by claiming they could earn "six figures in 90 days."
- For the first time, imposter scams [topped](#) the list of consumer complaints submitted in 2018 to the FTC's nationwide Consumer Sentinel database, driven in part by a jump in reports about government imposter scams.
- A federal district court in Arizona [entered](#) three stipulated orders on February 26, 2019, settling the FTC's case against the operators of a sham grant scheme known as Premium Grants. The defendants targeted individuals, many of whom are elderly or have disabilities, who sought help with paying personal expenses such as medical bills, home repairs, and debt.
- The FTC is [seeking](#) comment on proposed amendments to two rules that protect the privacy and security of customer information held by financial institutions.
- In Congressional testimony, the FTC [described](#) its work to promote reasonable data security and reiterated its longstanding bipartisan call for enactment of a comprehensive federal data security law.
- The operators of a sweepstakes scam that appeared to target seniors have [agreed](#) to forfeit a record \$30 million in cash and assets and will be permanently banned from the prize promotion business under a settlement with the FTC.

## Securities and Exchange Commission:

- The SEC [charged](#) the former controller of a New York-based not-for-profit college with defrauding municipal securities investors by fraudulently concealing the college's deteriorating finances.
- The SEC [announced](#) settled charges against 79 investment advisers who will return more than \$125 million to clients, with a substantial majority of the funds going to retail investors. The actions stem from the SEC's Share Class Selection Disclosure Initiative, which the SEC's Division of Enforcement announced in February 2018 in an effort to identify and promptly correct ongoing harm in the sale of mutual fund shares by investment advisers.

## In other federal news:

- Attorney General William P. Barr and multiple law enforcement partners [announced](#) the largest coordinated sweep of elder fraud cases in history, surpassing last year's nationwide sweep. The cases during this sweep involved more than 260 defendants from around the globe who victimized more than two million Americans, most of them elderly. The Department took action in every federal district across the country, through the filing of criminal or civil cases or through consumer education efforts. In each case, offenders allegedly engaged in financial schemes that targeted or largely affected seniors. In total, the charged elder fraud schemes caused alleged losses of millions more dollars than last year, putting the total alleged losses at this year's sweep at over \$750 million. The Department provided a [chart](#) of cases filed by each state.
- The Drug Enforcement Administration (DEA) [urged](#) its DEA-registered practitioners and members of the public to be cautious of telephone calls from criminals posing as DEA or other law enforcement personnel threatening arrest and prosecution for supposed violations of federal drug laws or involvement in drug-trafficking activities.
- A GAO [study](#) after the Equifax breach reports that the FTC needs more civil penalty authority.
- The Department of Justice [announced](#) that a North Carolina man pleaded guilty to conspiracy to access a protected computer, for his role in an international "tech support scam" that defrauded hundreds of victims, including seniors, of more than \$3 million.
- The Department of Justice [announced](#) that six people and two Florida corporations were charged in an indictment for their roles in a scheme to distribute illegal dietary supplements.
- The CFTC [announced](#) that a federal court entered a Consent Order resolving a CFTC action against 1pool Ltd., located in the Marshall Islands, and its chief executive officer and owner, Patrick Brunner, for illegally offering retail commodity transactions that were margined in bitcoin, failing to register as a futures commission merchant, and failing to meet its supervisory duties by not having the required anti-money laundering procedures in place.

## Attorney General Consumer Protection News and Other Items of Interest

The National Association of Attorneys General (NAAG), with the support of the NAAG Consumer Protection Committee, has partnered with several federal agencies, including the U.S. Department of Justice (DOJ) and the Federal Trade Commission (FTC), to [crackdown](#) on tech support scams. The sweep was announced at a press conference at DOJ. Attorneys general offices participating in the sweep were from Arizona, Connecticut, Florida, Kentucky, Louisiana, Minnesota, Mississippi, Montana, Nebraska, Nevada, New York, North Carolina, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, and Washington D.C.

Alabama Attorney General Steve Marshall [announced](#) the top five categories of complaints from Alabama consumers received by his office's Consumer Interest Division over the last year. In other Alabama news, General Marshall and State Comptroller Kathleen Baxter [issued](#) a consumer alert warning that scammers are sending out fraudulent checks that purport to be from the State of Alabama Department of Finance.

Arizona Attorney General Mark Brnovich [filed](#) a civil lawsuit against CashCall, Inc., its owner J. Paul Reddam, and a wholly owned subsidiary, WS Funding LLC, for alleged violations of the Arizona Consumer Fraud Act. The state alleges the defendants participated in a coordinated scheme to market, fund, service, and collect payments on high-interest, illegal loans to Arizona consumers utilizing a sham loan program that disguised the fact the loans were void under Arizona law and violated Arizona usury laws.

Arkansas Attorney General Leslie Rutledge [announced](#) the top 10 most common consumer complaints the attorney general's office received in 2018. In other Arkansas news, General Rutledge [alerted](#) consumers to tax scammers sending fake letters.

California Attorney General Xavier Becerra [announced](#) tips to encourage safe tax filing and preparation, and prevent tax-related identity theft.

Colorado Attorney General Phil Weiser [unveiled](#) a list of the top 10 consumer complaints his office received in 2018. In other Colorado news, General Weiser [announced](#) that a Denver District Court judge ordered the owners of Denver Custom Food Trucks to pay \$4.5 million dollars to resolve a case in which they took thousands of dollars from clients to build custom food trucks that were either never delivered or equipped with unsafe, fraudulent parts.

Connecticut Attorney General William Tong [warned](#) consumers to avoid business with Texas-based Sports Media Advertising, which appears to be actively engaged in scams targeting Connecticut businesses and schools. In other Connecticut news, General Tong and Consumer Protection Commissioner Michelle Seagull [cautioned](#) taxpayers to remain vigilant on multiple fronts about identity theft, unscrupulous preparers, and scams related to the filing of their tax returns.

Delaware Attorney General Kathleen Jennings [warned](#) Delawareans to be wary of threatening collection calls purporting to be from Delmarva Power. In other Delaware news, the Consumer Protection Unit of the Delaware Department of Justice [warned](#) Delawareans to be wary of scams when looking for a vacation rental this summer.

Florida Attorney General Ashley Moody's Consumer Protection Division [filed](#) a complaint against a Jacksonville construction company for allegedly scamming Floridians in need of roofing repairs. In other Florida news, General Moody [issued](#) a consumer alert to inform Florida students of now defunct Argosy University that they may be eligible for student loan discharges. Additionally, General Moody [filed](#) a court action in Hillsborough County to shut down a Florida diploma mill. The action stems from complaints against Ellenwood Academy, LLC for deceptive marketing of illegitimate high school diplomas to consumers in Florida and nationwide.

Georgia Attorney General Chris Carr is again [warning](#) the public about scam artists posing as law enforcement and elected officials in an attempt to swindle consumers out of their money.

Illinois Attorney General Kwame Raoul [announced](#) his office's list of top 10 consumer complaints for 2018.

Michigan Attorney General Dana Nessel [released](#) her office's Top 10 Consumer Complaints for 2018. In other Michigan news, General Nessel [warned](#) Michiganders about phone scammers posing as public health officials. Additionally, General Nessel [urged](#) Michiganders affected by the data breach sustained by Detroit-based Wolverine Solutions Group to take extra precautions to help safeguard their information that may have been compromised.

Mississippi Attorney General Jim Hood [announced](#) that he reached an agreement with Questar Assessment, Inc., a testing vendor, to strengthen its cybersecurity measures following an investigation into a data breach involving student information in North Mississippi. In other Mississippi news, General Hood [announced](#) that a central

Mississippi man has been arrested for home repair fraud for allegedly collecting money for work on a home that was never started.

Missouri Attorney General Eric Schmitt [announced](#) that James R. Butts, 31, pleaded guilty to unlawful merchandising practices in Pulaski County. In his plea, Butts admitted that he falsely promised a homeowner that, in exchange for \$9,762 dollars, he and his company Marshfield Landscaping and Fence, LLC would order privacy fence materials and install a residential privacy fence for the homeowner. Despite being paid, Mr. Butts failed to provide any work or materials to the homeowner. In other Missouri news, General Schmitt [released](#) a list of tips and warnings to protect Missourians who have been affected by the flooding from scams and frauds in the coming weeks and months.

The Montana Attorney General's Office of Consumer Protection and AARP Montana collaboratively [trained](#) volunteers who will educate community groups in various Montana cities about scams, fraud, and identity theft. This effort, which is believed to be the first of its kind in the nation between AARP and an attorney general's consumer protection team, will reach more older Montanans than either organization formerly has been able to using its own staff.

Nebraska Attorney General Doug Peterson [reminded](#) Nebraskans to donate with care and avoid charity scams in response to recent weather damage and flooding. In other Nebraska news, General Peterson [provided](#) information to help Nebraskans protect themselves from unscrupulous contractors.

Nevada Attorney General Aaron Ford [advised](#) Nevadans to be wary of scams that prey upon users of the popular online game "Fortnite." In other Nevada news, General Ford [advised](#) consumers to beware of tech support scams.

New Jersey Attorney General Gurbir S. Grewal [announced](#) that the state has filed a lawsuit against two South Jersey "Buy Here-Pay Here" auto dealerships and their owner for alleging targeting financially vulnerable consumers in predatory sales and loan tactics.

New York Attorney General Letitia James [announced](#) that Spectrum (formerly Time Warner Cable) has started to issue credits to New York consumers as required by Charter Communications, Inc.'s December 17, 2018 settlement agreement. The settlement agreement resulted from an action brought by the Office of the Attorney General alleging that the company failed to deliver customers the reliable and fast internet service it had promised. Under the terms of the settlement, Charter is required to issue monetary relief to qualified subscribers and offer video streaming services at no charge. In other New York news, General James [filed](#) a lawsuit against the manufacturers, Sackler Family, and distributors of opioids for their alleged role in the opioid epidemic.

North Carolina Attorney General Josh Stein [announced](#) a \$274,000 settlement with Georgia Tree Company LLC to resolve a price gouging lawsuit for excessively-priced tree removal work done after Hurricane Florence. In other North Carolina news, General Stein [warned](#) consumers to beware of sports ticket sale scams.

Ohio Attorney General Dave Yost [announced](#) a consumer protection lawsuit against a used car dealership and its owner accused of failing to deliver vehicle titles to consumers in northwest Ohio.

Oregon Attorney General Ellen Rosenblum [released](#) the Oregon Department of Justice annual list of top ten consumer complaints. In other Oregon news, General Rosenblum [announced](#) a \$975,000 settlement with pharmaceutical company, Pfizer, for distributing marketing misleading materials and coupons to Oregon consumers.

Pennsylvania Attorney General Josh Shapiro [alerted](#) Pennsylvania consumers to a new twist on an old scam involving their Social Security numbers. In other Pennsylvania news, General Shapiro [warned](#) Pennsylvanians to be aware of deceptive advertising by businesses posting "We Buy Homes" signs on street corners.

Texas Attorney General Ken Paxton [issued](#) a consumer alert regarding persons alleging to be priests or pastors texting members of the church and asking them to buy gift cards for a false charitable cause. In other Texas news, General Paxton [filed](#) a final judgment and permanent injunction against Guided Tourist, LLC, an Austin-based third-party online booking company that advertises and sells tickets to tour national parks and monuments, including the Statue of Liberty and Alcatraz Island. The state's lawsuit shows that Guided Tourist, LLC failed to disclose to consumers that it is not an official ticket vendor and inadequately discloses its booking fees, legal name, contact information, hours of operation, and refund policy.

Vermont Attorney General T.J. Donovan [alerted](#) Vermonters about a tech support scam as part of a nationwide crackdown on fraudsters who try to trick consumers into buying fake tech support and repair services. In other Vermont news, General Donovan [filed](#) a lawsuit against two distributors of opiates, Cardinal Health Inc. and



McKesson Corporation. The lawsuit alleges that Defendants committed unfair and deceptive acts in violation of the Vermont Consumer Protection Act and alleges claims of negligence and public nuisance.

Virginia Attorney General Mark R. Herring [encouraged](#) Virginians to familiarize themselves with the risks associated with small-dollar loans including online, payday, car title, and open-end loans, and to understand their rights when taking out one of these potentially risky loans.

West Virginia Attorney General Patrick Morrisey [filed](#) a consumer protection lawsuit alleging the Wheeling-Charleston Diocese and former Bishop Michael J. Bransfield knowingly employed pedophiles and failed to conduct adequate background checks for those working at the Diocese's schools and camps, all without disclosing the inherent danger to parents who purchased its services for their children. General Morrisey brought the action against the Diocese and Bransfield for violations of the state's consumer protection laws, in addition to seeking a permanent court order blocking the Diocese from the continuation of any such conduct. In other West Virginia news, General Morrisey's office has [finalized](#) a \$3.2 million settlement with drug maker Bristol-Myers Squibb Company and marketer Sanofi-Aventis in relation to their marketing of the prescription blood thinner Plavix.

The BBB [issued](#) its 2018 Scam Tracker Risk Report.

Bing search engine doubled [takedowns](#) of bad accounts in 2018. Third-party tech support scams, cryptocurrency, and weapons advertising content topped the areas of attention.

Microsoft issued a 2018 global [report](#) on tech support fraud.

The National Consumers League [warned](#) of pyramid schemes posing as direct sales opportunities.

## Charities

Alabama Attorney General Steve Marshall [encouraged](#) generosity and urged vigilance when donating to groups to aid recent storm victims.

California Attorney General Xavier Becerra [announced](#) an initiative to educate California charitable organizations. The initiative, Operation Donate with Honor, comes after Attorney General Becerra distributed more than 550 delinquency notices, and approximately 200 cease and desist letters targeted to veteran charities between July 2018 and the present.

Illinois Attorney General Kwame Raoul [filed](#) a lawsuit against the Lombard-based charity Veterans Christian Network, Inc. and its founders, Todd and Priscilla Olshefski, alleging that the Olshefskis misappropriated more than \$10,000 from the charity.

Iowa Attorney General Tom Miller [filed](#) a lawsuit to shut down an alleged puppy-laundering ring, including dissolving two "pet rescue" non-profits accused of exporting designer dogs from Iowa to pet shops in other states.

South Dakota Attorney General Jason Ravnsborg [reminded](#) South Dakotans to use care and caution in donating to relief efforts and to avoid charity scams.

## Legislation

Fifty-four attorneys general wrote a [letter](#) to the chairman and ranking member of the U.S. Senate Committee on Commerce, Science, and Transportation to express support for the introduced bipartisan Senate bill for the Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act.

District of Columbia Attorney General Karl A. Racine [announced](#) the introduction of the Security Breach Protection Amendment Act of 2019, which is designed to modernize the District's data breach law and strengthen protections for residents' personal information. General Racine has introduced this bill in response to major data breaches that have put tens of millions of consumers, and hundreds of thousands of District residents, at risk of identity theft and other types of fraud.

The Senate Commerce Committee held a hearing on [legislation](#) that would strengthen the Federal Trade Commission's data-privacy enforcement powers. A key question was whether a federal bill would preempt and thereby weaken data-privacy laws in states such as California.

The Senate Committee on Homeland Security and Government Affairs released a staff [report](#) finding that Equifax's 2017 data breach was a result of prolonged failure to prioritize cybersecurity and a culture of complacency. The report said Congress should enact legislation requiring private companies that store personally identifiable information to take reasonable and appropriate steps to prevent cyberattacks and data breaches.

Equifax and Marriott were the [subjects](#) of bipartisan rebuke in a Senate hearing as lawmakers criticized them for failing to protect personal data and to notify the public of major data breaches in a timely manner. A Senate committee report said Equifax's own audit revealed a backlog in 2015 of more than 8,500 unpatched vulnerabilities, though the company's CEO said Equifax had invested more heavily in security over the past two years.

## Veterans and Military News

The operators of two purported sham charities have [agreed](#) to settle charges by the FTC and the attorneys general of Missouri and Florida that they deceived donors with false claims that their organizations helped disabled police officers and military veterans. The operators of both schemes are permanently banned from charitable solicitations or otherwise working for charities.

CFPB released a [report](#) focusing on mortgages made to first-time homebuyers who are serving in the armed forces or are veterans. The CFPB's report is the first time researchers have been able to provide a description and analysis of servicemembers' mortgage choices and mortgage performance, both during and after the housing crisis of the last decade. Additionally, the CFPB released a [report](#) of servicemember complaints.

The United States Department of Justice [announced](#) that California Auto Finance, a subprime auto lending company based in Orange County, California, has agreed to enter into a court-enforceable consent order to resolve allegations that it illegally repossessed two servicemembers' cars without court orders while they were on active duty. The Justice Department filed a lawsuit against California Auto Finance and a related entity called 3<sup>rd</sup> Generation, Inc., on March 28, 2018, alleging that their repossession practices violated the Servicemembers Civil Relief Act.

The United States Department of Justice and the U.S. Attorney's Office of Eastern Virginia [announced](#) a settlement with Lawn Doctor of Stafford-Culpepper (doing business as Beck I LLC). The settlement resolves claims that the business and its owners violated the Uniformed Services Employment and Reemployment Rights Act by suspending and terminating a U.S. Army Reserve soldier following his return from active duty military service.

## Consumer Protection Trivia

1. Which states' current attorney general has been in office the longest?
  - a. Mississippi
  - b. Iowa
  - c. Idaho
  - d. New York
2. Which Supreme Court justice said "fairness is what justice really is"?
  - a. Justice Thurgood Marshall
  - b. Justice Potter Stewart
  - c. Justice Ruth Bader Ginsburg
  - d. Justice Anthony Kennedy

## Upcoming Events

## NAAG Consumer Protection Spring Conference

May 20 - 22, 2019, Washington, DC

This year's NAAG Consumer Protection Spring Conference will be held in Washington, D.C. at the [Renaissance Washington, DC Downtown Hotel](#) from May 20-22, 2019. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Monday, May 20 from 11:45 a.m. until 7:30 p.m., the private, nonprofit, and government sectors are invited to attend the public portion of the conference. This will include a panel of attorneys general, as well as sessions on privacy and data, cryptocurrencies, and telecom issues. There will also be an open-mic discussion of private sector issues. The public portion of the conference includes lunch and an evening reception. The public agenda will be posted on the NAAG website in the near future.



Registration is open!

[Register here](#)

## Trivia Answers

1. B. Iowa
2. B. Justice Potter Stewart

[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

# About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)





# Center for Consumer Protection Monthly

February 2019



## Consumer Chief of the Month: Rebecca Eggleston, Arizona

As a fairly new consumer protection chief, I'm honored to be in the company of so many other chiefs across the country who have been serving in that capacity for many years. At the first NAAG Consumer Protection Conference I attended, I was struck by the number of participants who had been working in their state attorney general's office, and specifically in consumer protection, for 15, 20, even 25-plus years. It speaks to both the importance and the personal fulfillment of the work we do.

[Read More](#) ➤

## Article of the Month: Security Freezes and Federal Preemption - Preventing Identity Theft Post-Equifax Breach

**Dan Birdsall, Assistant Attorney General  
Office of the Nebraska Attorney General**

Identity theft is a complex problem that does not have a single, silver-bullet solution. Many state regulators have implemented data security laws that require entities that collect personal information to maintain reasonable security measures designed to protect that information. Equally important is providing consumers the education and tools to protect themselves from identity theft.



[Read More](#) ➤



## Scam Alert:

[Scammers Target International Students](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB released its semi-annual [report](#) to Congress.
- The CFPB is [proposing](#) to rescind certain provisions of its 2017 final rule governing “Payday, Vehicle Title, and Certain High-Cost Installment Loans.” Specifically, the CFPB is proposing to rescind the rule’s requirements that lenders make certain underwriting determinations before issuing payday, single-payment vehicle title, and longer-term balloon payment loans. The CFPB is preliminarily finding that rescinding this requirement would increase consumer access to credit.
- The CFPB [announced](#) a settlement with Cash Tyme, a payday retail lender with outlets in Alabama, Florida, Indiana, Kentucky, Louisiana, Mississippi, and Tennessee.
- The CFPB [filed](#) a proposed settlement with NDG Financial Corp., E-Care Contact Centers, Ltd., Blizzard Interactive Corp., New World Consolidated Lending Corp., New World Lenders Corp., Payroll Loans First Lenders Corp., New World RRSP Lenders Corp., Northway Financial Corp., Ltd., and Northway Broker, Ltd. And several corporate officials. The entities and individuals are payday lenders and corporate officials based in Canada and Malta. In its amended complaint, the CFPB alleges that the defendants violated the Consumer Financial Protection Act of 2010 by misrepresenting to consumers in states where loans offered by the defendants violated state licensing or usury laws that they were obligated to repay loan amounts when such an obligation did not exist because state law voided the loan.

## Commodity Futures Trading Commission:

- The CFTC [announced](#) that the U.S. District Court for the Western District of North Carolina entered a Supplemental Consent Order against Defendants Hannes Tulving, Jr. of Newport Beach, California, and his company The Tulving Company, Inc., finding that they fraudulently solicited customers in connection with precious metals transactions, misappropriated customer funds, and concealed their fraud with false statements that the customer accounts were profitable.
- The CFTC [announced](#) that a federal court in a CFTC enforcement action entered a preliminary injunction prohibiting defendant Kelvin O. Ramirez (Ramirez), of Houston, Texas from engaging in fraud, misappropriation of customer funds, and regulatory violations in connection with an off-exchange foreign currency (forex) scheme. The CFTC’s complaint charges that Ramirez defrauded more than 140 clients by falsely claiming he had millions of dollars in assets under management when he did not and there is no evidence of him trading. Instead, as alleged, he absconded with his clients’ money.
- The CFTC [announced](#) that on December 27, 2018, a federal court in Washington ordered Bellevue, Washington residents Sung Hong a/k/a Lawrence Hong or Laurence Hong, his wife, Hyun Joo Hong a/k/a/ Grace Hong, and their company Pishon Holding LLC to pay more than \$1.25 million in restitution in connection with an enforcement action brought by the CFTC charging the defendants with fraudulent solicitation and misappropriation involving futures contracts. In addition to the restitution, the Court Order also imposes a permanent trading and

registration ban on the Hongs and Pishon and prohibits them from violating provisions of the Commodity Exchange Act as charged.

- The CFTC [announced](#) that the U.S. District Court for the District of Connecticut issued a Final Judgment and Consent Order on February 5, 2019, against Andre Flotron, a former precious metals trader for UBS AG, requiring him to pay a \$100,000 civil monetary penalty for spoofing and engaging in a deceptive or manipulative scheme through his spoofing in violation of the Commodity Exchange Act (CEA) and CFTC Regulations. The Order also imposes a one-year trading and registration ban.

## Federal Trade Commission:

- The FTC Hearings schedule [set](#) new dates for the two previously scheduled sessions – [broadband](#) and [consumer privacy](#) – canceled due to the recent lapse in government funding. The Hearings will also include sessions on international issues in competition, consumer protection and privacy, and the analysis of merger retrospectives, as well as a state attorneys general roundtable.
- The operators of the video social networking app Musical.ly, now known as TikTok, have [agreed](#) to pay \$5.7 million to settle FTC allegations that the company illegally collected personal information from children. This is the largest civil penalty ever obtained by the Commission in a children's privacy case.
- Following a public comment period, the FTC has [approved](#) a final consent order with SoFi, resolving allegations that it misrepresented how much money student loan borrowers have saved or will save from refinancing their loans with the company.
- The FTC [voted](#) not to make changes to the CAN-SPAM Rule after it solicited public comments as to whether changes were needed. The agency received 92 comments on CAN-SPAM, saying that the majority of the submissions favored keeping the rule with no alterations.
- Following a public comment period, the FTC has [approved](#) a final order settling charges against a Texas-based marketer and seller of intravenously injected therapy products (iV Cocktails) who allegedly made a range of deceptive and unsupported health claims about their ability to treat serious diseases such as cancer, multiple sclerosis, and congestive heart failure.
- The FTC [created](#) videos on common consumer education topics.
- The defendants in an alleged work-from-home business opportunity scam are banned from selling any business coaching service or business opportunity under a [settlement](#) with the FTC.
- According to a [report](#) issued by the FTC, between July 1, 2017 and June 30, 2018, the agency's law enforcement actions yielded more than \$2.3 billion in refunds to defrauded consumers, including \$122 million mailed directly by the FTC to 1.28 million people.
- New complaint data [released](#) by the FTC shows romance scams generated more reported losses than any other consumer fraud type reported to the agency in 2018.
- The FTC is [sending](#) refund checks to people deceived by the operators of an alleged tech support scheme. The refunds stem from a settlement the FTC and the State of Alabama reached last year with Troth Solutions over allegations that the defendants tricked people into believing their computers were infected with viruses and malware, and then charged them hundreds of dollars for unnecessary repairs.
- The FTC is [mailing](#) 104,612 checks totaling nearly \$3.5 million to people who bought weight-loss supplements marketed by Maine-based sellers Direct Alternatives and Original Organics, LLC. Affected consumers will receive their refund checks, which average \$33.12, within the next week. The FTC and the Maine Attorney General's Office obtained the money in the settlement of two related cases against these sellers and a marketing company that created and disseminated advertisements for Direct Alternative's weight-loss products.
- As part of its ongoing efforts to ensure that dietary supplements and other health-related products are advertised truthfully, and that efficacy claims made for such products are supported by competent and reliable scientific evidence, the FTC has joined the FDA in sending three warning letters to companies based in Florida, South Carolina, and New Mexico. As detailed in the letters sent to [Gold Crown Natural Products](#), [TEK Naturals](#), and [Pure Nootropics, LLC](#), the FTC has reviewed the companies' advertisements and believes they may violate the FTC Act by making false or unsubstantiated health claims. Specifically, the FTC is warning about advertisements claiming to treat Alzheimer's and remediate or cure other serious illnesses including Parkinson's, heart disease, and cancer.
- Following a public comment period, the FTC has [approved](#) two final orders settling allegations that Creaxion Corporation, Inside Publications, LLC, and their respective principals

misrepresented that paid endorsements were independent consumer opinions and that commercial advertising was independent journalistic content.

- At the FTC's request, a federal court has temporarily [halted](#) and frozen the assets of a debt collection scheme that allegedly bilked consumers out of millions of dollars, using deceptive and threatening tactics to collect phantom debts that they did not owe.
- The FTC [moved](#) to add two new defendants to an ongoing case against a California-based student debt relief operation shuttered pursuant to a [court order](#) obtained by the FTC in November 2018. The scheme allegedly bilked consumers out of millions of dollars using false promises that they could reduce their monthly payments, or eliminate or reduce their student loan debt.
- The FTC is [seeking](#) public comments on whether it should repeal, amend, or retain the Guides for Select Leather and Imitation Leather Products ([Leather Guides](#)) as part of its systematic [review](#) of all current FTC rules and guides. The notice seeks comment on the continuing need for the Leather Guides, including whether deceptive or unfair advertising and marketing practices are still used to sell leather and imitation leather products, and whether the Leather Guides should cover products that are not currently included—such as automotive and furniture upholstery products.

## In other federal news:

- Federal regulators are [expected](#) to fine Equifax for data breach.
- The Food and Drug Administration [warned](#) consumers of false promises about so-called Alzheimer's cures.
- The Securities and Exchange Commission [announced](#) fraud charges and an asset freeze against the operators of a South Florida-based investment fund scheme, one of whom has a prior felony conviction and is on parole after nearly 20 years in prison.

# Attorney General Consumer Protection News and Other Items of Interest

A coalition of 31 state attorneys general led by Oregon Attorney General Rosenblum [sent a letter](#) to the FTC urging the federal agency to not only maintain its "Identity Theft Rules," also called "Red Flag Rules," but, in light of technological advances and savvy identity thieves, to update the rules to further protect consumer information. The letter cites the proliferation of identity theft and the growth in technology since the rules were adopted in 2007. The letter points out that with all the consumer data they have been able to accumulate due to the number of data breaches, "...identity thieves are able to amalgamate consumer data with exact accuracy to cause financial harm."

Alaska Attorney General Kevin G. Clarkson [filed](#) a lawsuit against opioid manufacturer Mallinckrodt PLC, Mallinckrodt LLC and SpecGX LLC, a Mallinckrodt subsidiary.

Arizona Attorney General Mark Brnovich [announced](#) that Charles Richard Montoya Mayville of Alternative Online Design LLC will pay up to \$265,000 to consumers who purchased work from home opportunities and advertising services from Alternative Design Online LLC. In a consent judgment reached with the Arizona Attorney General's Office, Mr. Mayville is also banned from selling any business opportunity in Arizona for 20 years.

Arkansas Attorney General Leslie Rutledge [filed](#) suit against Allen K. Jeffrey, owner of J Boys Blacktop, for violations of the Arkansas Deceptive Trade Practices Act and Home Solicitation Sales Act for alleged home repair fraud.

Connecticut Attorney General William Tong and Department of Consumer Protection Commissioner Michelle H. Seagull [advised](#) Connecticut consumers who may have unused gift cards to Payless ShoeSource to use those credits before the discount shoe chain is slated to close its U.S. stores.



Florida Attorney General Ashley Moody [warned](#) consumers about an evolved form of phishing attack. Conversation hijacking attacks involve scammers accessing an ongoing email conversation and sending a new message containing a malicious link or attachment—giving the appearance that the message is from a trusted source. Victims clicking on the link or opening the attachment are then prompted to provide personal information that could be used to submit fraudulent tax returns.

Indiana Attorney General Curtis Hill [warned](#) Hoosiers to be skeptical of advertising mailers claiming they have won prizes, especially when “winners” must pick up prizes at car dealerships or other sales-oriented venues.

Iowa Attorney General Tom Miller [warned](#) older Iowans about offers of “free government benefits.”

Kansas Attorney General Derek Schmidt [announced](#) that a Topeka man pleaded guilty last week to one felony count of violating a consumer protection order. This is the first conviction in a case brought by the Kansas Attorney General under a new law passed by the Kansas Legislature in 2016, creating the crime of violation of a consumer protection order. In other Kansas news, General Schmidt [announced](#) that a California company has been ordered to pay \$10,000 in penalties and fees for violating the Kansas No-Call Act.

Louisiana Attorney General Jeff Landry [cautioned](#) Louisiana parents and guardians about several child products that have been recently recalled.

Maine Attorney General Aaron Frey [warned](#) consumers about recent reports of calls from individuals claiming to represent Medicare.

Mississippi Attorney General Jim Hood [warned](#) employees of the State of Mississippi that scammers are targeting them in attempt to reroute direct deposits of employees’ pay to another bank account. In other Mississippi news, General Hood [warned](#) Mississippians of a rise in scam calls that try to get consumers to believe their social security number has been suspended.

New York Attorney General Letitia James [announced](#) a settlement with STAR Exemption Advisor, YCA Corp., and its business owner Arie Gal for allegedly scamming thousands of new homeowners by charging them excessive fees to enroll in the Basic STAR Exemption Program, which is otherwise free.

Pennsylvania Attorney General Josh Shapiro [announced](#) a lawsuit against Verizon Communications Inc., for failing to deliver promised incentive items to consumers who enrolled in certain two-year contracts with the company. In other Pennsylvania news, General Shapiro [announced](#) that his Bureau of Consumer Protection filed a lawsuit against T.E.N., LLC, Erika Sherlock, and Torrie Kolb, on claims they failed to perform home renovations or performed the work in a substandard manner after entering into contracts to perform home improvement services for renovations to consumers’ homes.

West Virginia Attorney General Patrick Morrisey [urged](#) anyone faced with wind damage to be cautious when hiring a contractor to make repairs.

The BBB [warns](#) of “shady” school trips.

The National Consumers League [reported](#) its top 10 scams of 2018.

## Charities

California Attorney General Xavier Becerra [announced](#) a settlement with charitable organization Giving Children Hope for filing misleading documents to increase the charity’s ranking and generate more donations.

Florida Attorney General Ashley Moody [directed](#) her Consumer Protection Division to investigate a fake fundraising account that used the image of a fallen Florida Highway Patrol Master Sergeant to solicit donations. The account, now offline, was hosted on the fundraising website GoGetFunding and used the name and image of FHP Master Sgt. Daniel Hinton. It also claimed Hinton’s wife served as fundraising

administrator. Sgt. Hinton suffered cardiac arrest during a training exercise and later passed away at the hospital.

Pennsylvania Attorney General Josh Shapiro [announced](#) a legal action against a healthcare charitable organization for allegedly violating Pennsylvania's charities laws.

## Legislation

California Attorney General Xavier Becerra and Assembly member Marc Levine [unveiled](#) legislation that would close a loophole in the state's existing data breach notification law by requiring businesses to notify consumers of compromised passport numbers and biometric information.

Oregon Attorney General Ellen Rosenblum [testified](#) before the Oregon House Business and Labor Committee in support of stronger protections for Oregon student loan borrowers who are amassing educational debt at staggering rates.

## Veterans and Military News

Iowa Attorney General Tom Miller [announced](#) that a Nashua investment adviser accused of illegally selling advice to veterans must change her business practices under a settlement with the Iowa Attorney General's Office.

The Justice Department [announced](#) that PHH Mortgage Corporation has agreed to pay \$750,000 to six servicemembers to resolve allegations that it violated the Servicemembers Civil Relief Act by unlawfully foreclosing on their homes without obtaining the required court orders.

## Consumer Protection Trivia

Prior to the 1960s, what type of consumer protection laws existed?

- a. "Blue Sky" laws that provided regulations as safeguards for investors against securities fraud.
- b. "Little FDA Acts" or other regulation of food labeling.
- c. "Immoral" advertising laws such as the prohibition of liquor.
- d. All of the above.

In which year did the National Conference of Commissioners on Uniform State Laws draft the Uniform Deceptive Trade Practices Act?

- a. 1971
- b. 1952
- c. 1964
- d. 1982

## Upcoming Events

## NAGTRI Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the Federal Motor Carrier Safety Administration

March 20, 2019, Webinar

The Federal Motor Carrier Safety Administration is authorized to work with federal and state agencies to regulate household goods (HHG) transportation in interstate commerce. By working together, regulators can maximize their efforts to reduce unethical and fraudulent business practices that some HHG motor carriers employ. This presentation will cover HHG and other types of fraud that can be addressed through FMCSA's authority to enter into partnerships with state agencies and the attorneys general.

Registration is open!

[Register here](#) ➡

## Trivia Answers

1. D
2. C

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

The National Attorneys General Training & Research Institute, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General

(NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)





**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

**January 2019**



## **Consumer Chief of the Month: Richard S. Schweiker, Jr., Virginia**

It is a great privilege to serve as Chief of the Consumer Protection Section in the Virginia Attorney General's Office. I work with an excellent team of dedicated public servants. Each day, we are very fortunate to come to work with a primary purpose of helping other people. Thank you for the opportunity to share some information about our Section and my background.

I joined the Antitrust and Consumer Litigation Section (now called the Consumer Protection Section) as an assistant attorney general in April 1996 after several years on the litigation team of a large national law firm. In July 2000, I was promoted to the position of senior assistant attorney general. In January 2016, as part of a major reorganization and expansion of our Section, Attorney General Mark Herring selected me to serve as chief. As the new chief, I was tasked with overseeing and implementing the reorganization and expansion.

[Read More](#) ➤

## **Article of the Month: How to Successfully Embrace the Courtroom without Looking like a Fool**

**Phil Carlson, Assistant Attorney General  
Office of the South Dakota Attorney General**

So, your first time in court is coming up. You're sweating, you've got a nervous twitch, your heart is in your throat, and it's beating so hard and fast you're sure that there's a blacksmith in there. You know your case cold. You've spent days memorizing the pertinent facts and poring over the applicable law. You're ready, but now what?

[Read More](#) ➤





## Scam Alert:

[How to Avoid Government Shutdown Scams](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB announced a [settlement](#) with Enova International, Inc., an online lender that extends unsecured payday and installment loans, and lines of credit based in Chicago, Illinois.
- The CFPB [reported](#) on credit score myths.
- The CFPB [asked](#) Congress for clear authority to supervise compliance with the Military Lending Act.
- The United State Supreme Court [refused](#) to hear a challenge to the CFPB's structure.
- GAO [report](#) finds that the CFPB needs a systematic process to prioritize consumer risks.
- The CFPB published a [report](#) under section 1022(d) of the Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) assessing the effectiveness of the Bureau's Ability to Repay and Qualified Mortgage Rule and a separate report assessing the effectiveness of the CFPB's mortgage servicing rule issued under the Real Estate Settlement Procedures Act (RESPA).
- The CFPB announced a [settlement](#) with USAA Federal Savings Bank, a federally chartered savings association headquartered in San Antonio, Texas. As described in the consent order, the CFPB found that USAA violated the Electronic Fund Transfer Act and Regulation E by failing to properly honor consumers' stop payment requests on preauthorized electronic fund transfers, and by failing to initiate and complete reasonable error resolution investigations. USAA also violated the Consumer Financial Protection Act of 2010 by reopening deposit accounts consumers had previously closed without seeking prior authorization or providing adequate notice.

## Securities and Exchange Commission:

- The SEC [announced](#) that a federal court in Florida ordered Woodbridge Group of Companies LLC and its former owner to pay \$1 billion in penalties and disgorgement for operating a [Ponzi scheme](#) that targeted retail investors.
- The SEC [announced](#) that it filed charges against Texas resident and real estate developer Phillip Michael Carter, two other individuals, and several related entities for allegedly conducting a multi-million dollar offering fraud.
- The SEC [announced](#) charges against nine defendants for participating in a previously disclosed scheme to hack into the SEC's EDGAR system and extract nonpublic information to use for illegal trading. The SEC charged a Ukrainian hacker, six individual traders in California, Ukraine, and Russia, and two entities. The hacker and some of the traders were also involved in a similar scheme to hack into newswire services and trade on information that had not yet been released to the public. The SEC charged the hacker and other traders for that conduct in 2015 (see [here](#), [here](#) and [here](#)).

## In other federal news:

- The FTC [announced](#) nine FTC developments that could impact businesses in 2019.
- The United States Senate Special Committee on Aging [released](#) a report on the top 10 scams targeting seniors.

# Attorney General Consumer Protection News and Other Items of Interest

Fifty-plus attorneys general [announced](#) a \$171 million settlement with Fiat Chrysler and Robert Bosch for equipping, selling or leasing environmentally non-compliant vehicles.

Forty eight attorneys general [announced](#) an agreement with for-profit education company Career Education Corporation that will relieve more than \$493.7 million in debts owed by 179,529 students nationwide.

Forty-five attorneys general [reached](#) a \$120 million settlement with Johnson & Johnson and DePuy to resolve allegations that DePuy unlawfully promoted its metal-on-metal hip implant devices, the ASR XL and the Pinnacle Ultamet.

Forty-four attorneys general have reached a settlement [agreement](#) with the Neiman Marcus Group LLC (Neiman Marcus) following an investigation into the 2013 breach of customer payment card data at 77 Neiman Marcus stores across the United States.

Arizona Attorney General Mark Brnovich [filed](#) a Consumer Fraud Lawsuit against Mercedes-Benz USA, LLC and its parent Daimler AG for allegedly defrauding Arizonans through the sales of certain “clean diesel cars.”

District of Columbia Attorney General Karl A. Racine [filed](#) a lawsuit against Town Sports International, LLC, the operators of Washington Sports Clubs, over its alleged deceptive cancellation and billing practices.

Florida Attorney General Ashley Moody’s Office [obtained](#) a court enforceable agreement with Dollar Thrifty Automotive Group, Inc., a holding company that owns the Dollar and Thrifty car rental companies. The settlement agreement resolves an investigation regarding Dollar Thrifty’s practices involving add-on fees for cashless tolls in Florida and other related add-on charges.

Georgia Attorney General Chris Carr [encouraged](#) consumers to protect themselves from tax-related scams. In other Georgia news, General Carr [warned](#) hotels in advance of the Super Bowl that they need to honor existing reservations at the agreed-upon rates.

Indiana Attorney General Curtis Hill [warned](#) Hoosiers to exercise caution before entering into financial transactions with solicitors claiming affiliations with local schools. In recent years, the Indiana Office of the Attorney General has received multiple complaints about scams involving fraudulent sales of supposed sponsorships benefiting school programs or sports teams.

Iowa Attorney General Tom Miller [announced](#) that consumer complaints to the Iowa Attorney General’s Office increased 18 percent in 2018 over the previous year, led by complaints related to vehicles, home improvement projects, and imposter scams.

Massachusetts Attorney General Maura Healey [announced](#) that tax preparation company Jackson Hewitt Tax Service Inc. will pay more than \$187,000 to resolve allegations that it violated Massachusetts consumer protection laws by posting misleading and deceptive advertisements.

Michigan Attorney General Dana Nessel [issued](#) a notice of intended action and a cease and desist order to Executive Car Rental for several alleged violations of the state’s Consumer Protection Act after receiving numerous complaints against the company from around the country.

Missouri Attorney General Eric Schmitt [released](#) the top ten consumer complaints his office received in 2018.

Nevada Attorney General Aaron D. Ford [warned](#) consumers to be alert when purchasing tickets from a reseller or for events advertised online. Recently, event-related scams have been on the rise, and

Nevada's popularity as a tourist destination makes it a prime target for selling fake events and counterfeit tickets.

New York Attorney General Letitia James and Department of Financial Services Superintendent Maria T. Vullo [announced](#) a \$9 million settlement with the federal student loan servicer, ACS Education Services (currently known as Conduent Education Services). This settlement is the first in the country to address claims that a federal student loan servicer steered distressed borrowers away from available income-based repayment plans towards other, more expensive options, thus costing them money and increasing their risk of default. In other New York news, General James and the Consumer Financial Protection Bureau [announced](#) an \$11 million settlement with Sterling Jewelers Inc. (Sterling) (doing business as Kay Jewelers, Jared The Galleria of Jewelry, and several other brands). The settlement resolves an investigation that revealed that Sterling signed consumers up for store credit cards without the consumers' knowledge or consent. Sterling also enrolled consumers in a credit insurance product without consumers' knowledge or consent and misrepresented the terms of the store cards. Pursuant to the settlement, Sterling will pay \$11 million in penalties.

North Carolina Attorney General Josh Stein [announced](#) the top 10 consumer complaints that his office received in 2018.

North Dakota Attorney General Wayne Stenehjem [issued](#) Cease and Desist Orders banning three North Dakota unlicensed contractors from conducting any further business in the state. Timothy Jacobson of Fairmount, Tyler Giles of Fargo, and Patrick Peltier of Bottineau, violated the state's consumer fraud and contractor licensing laws. All three unlicensed contractors took thousands of dollars in advance payments from homeowners, but failed to do any work.

Oklahoma Attorney General Mike Hunter [warned](#) Oklahomans to be aware of phone calls from scam artists claiming to be with the Social Security Administration and attempting to steal social security numbers and money.

Pennsylvania Attorney General Josh Shapiro [announced](#) that his Bureau of Consumer Protection filed a lawsuit against Syed Qumrazzaman a/k/a Syed Zaman for allegedly scamming Pennsylvanians by falsely identifying himself as an attorney and collecting at least \$20,000 for immigration assistance services that he was not licensed to provide – and never did. In other Pennsylvania news, General Shapiro [announced](#) a lawsuit against an Alabama driveway paving company owner on claims that he sold defective driveway paving services to unsuspecting consumers in Northwestern Pennsylvania from at least 2015 through October 2017.

Texas Attorney General Ken Paxton [warned](#) Texans to beware of calls from scam artists pretending to be with the Social Security Administration and attempting to fool unsuspecting people into giving them their Social Security number and money.

Virginia Attorney General Mark R. Herring [warned](#) Virginians who have been furloughed because of the government shutdown, or those who wish to help federal workers, to be vigilant and look out for scams related to the shutdown.

Washington Attorney General Bob Ferguson [announced](#) a lawsuit against multi-level marketing business LuLaRoe and several of its "home office" executives, alleging that the company's former bonus structure constituted a pyramid scheme. The lawsuit also asserts that LuLaRoe's claims regarding sustainability, profitability and inventory refunds are unfair and deceptive.

West Virginia Attorney General Patrick Morrissey [reminded](#) students with plans to attend college to safeguard their personal information as they apply for financial aid. In other West Virginia news, General Morrissey [urged](#) consumers to safeguard their tax information.

Google [acknowledged](#) its second data breach on its social media site Google Plus, this one affecting 52.2 million users, resulting in the company's decision to expedite the shutdown of Google Plus to April 2019. Google said it will provide users with additional information to enable them to download and migrate their data to transition off of Google Plus.

The National Consumers League [offered](#) tips to consumers to protect themselves from fraud in 2019.

Password manager Blur [posted](#) a notice about a data breach impacting more than 2.4 million users.



# Legislation

Massachusetts Governor Charlie Baker [signed](#) a law requiring free credit monitoring and freezes following a data breach. The law would also require a consumer's consent for third parties to request credit information for non-credit purposes, "to give consumers more control over their data and how it is used," Baker said in a statement.

## Veterans and Military News

The CFPB [announced](#) a settlement with Mark Corbett, a broker of contracts offering high-interest credit to veterans. In other veterans news, the CFPB's Office of Servicemember Affairs [released](#) its sixth annual report that highlights issues and emerging trends facing servicemembers, veterans, and military families.

Pennsylvania Attorney General Josh Shapiro [announced](#) his Bureau of Consumer Protection and Office of Military and Veterans Affairs have settled a case against a Pennsylvania woman for scamming veterans by making misrepresentations in advertising services pertaining to long term health care, including Department of Veterans Affairs Claims Benefit consultation and assistance. This was in violation of Pennsylvania's Unfair Trade Practices and Consumer Protection Law.

## Consumer Protection Trivia

Which state attorney general's office created the nation's first consumer protection division?

- a. Michigan
- b. Florida
- c. New York
- d. Massachusetts

In which ancient set of laws did more than two dozen of the 282 sections deal with various aspects of lending practices?

- a. Laws of Eshnunna
- b. Code of Hammurabi
- c. Napoleonic Code
- d. English common law

## Upcoming Events



### **NAGTRI National Consumer Protection 101 Training**

April 2-3, 2019, Salt Lake City, UT

This training will provide basic information about consumer protection cases. Participants will learn about federal and state consumer protection laws and important case law, the beginnings of a consumer protection case, pre-litigation discovery, enforcement actions, multistate investigations and working groups, the anatomy of a consumer settlement, and ethics in regard to undercover investigations and dealings with defense counsel.

Scholarship nominations are open!

[More Information](#) ➔

## Trivia Answers

1. A. Michigan
2. B. Code of Hammurabi

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



# Center for Consumer Protection Monthly

December 2018



## Consumer Chief of the Month: Jane Azia, New York

I started in the New York Attorney General's Office in 1982 under Attorney General Bob Abrams. Bob Abrams set a high bar for what attorneys general could do to protect the public. He truly cared about the people of the state and exemplified government at its best. I have served under six attorneys general since then, all of whom have brought their unique stamp to the office. Prior to coming to the attorney general's office, I was a legal services attorney in Poughkeepsie, New York and then in Bedford-Stuyvesant. Having sued the government on behalf of my clients on a number of occasions, I was somewhat apprehensive about going to the "other" side. Any reservations I had quickly evaporated, and I soon discovered that I had found the perfect job and place to be a lawyer.

[Read More](#) ➔

## Article of the Month: Never-Ending Game of Whack-A- Mole: Dissolving Sham Entities

**Mark Boehmer, Assistant Attorney General  
Office of the Colorado Attorney General**

Colorado has faced a growing problem over the last few years of thousands of sham entities being created by fraudulent filings with the Colorado Secretary of State. This culminated in the Colorado Attorney General filing four cases in April 2018, successfully dissolving 217 such entities.

In these four cases, Chinese nationals filed fraudulent articles of organization or incorporation with the secretary of state using Colorado residents' home addresses as the address for the bogus businesses.

[Read More](#) ➔





## Scam Alert:

[Netflix Phishing Scam: Don't take the bait](#)

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB [announced](#) final policy guidance describing the Home Mortgage Disclosure Act data the CFPB intends to make available to the public beginning in 2019, including modifications to protect consumers' privacy.
- The CFPB [issued](#) its 2017 Fair Lending Report.
- The CFPB has filed a [complaint](#) in federal court in the District of Nevada alleging a claim of deception against Village Capital & Investment LLC, a non-bank mortgage company headquartered in Henderson, Nevada. The CFPB and Village Capital also filed a proposed stipulated final judgment and [order](#) to resolve the claim. As described in the complaint and proposed order, the CFPB alleges that Village Capital violated the Consumer Financial Protection Act of 2010 by misleading veterans regarding its Interest Rate Reduction Refinancing Loans—loans that allow veterans to refinance their mortgages at lower interest rates with a loan guaranteed by the Department of Veterans Affairs. Specifically, the CFPB alleges that Village Capital misled veterans by overstating the benefits of refinancing.
- The CFPB announced a settlement with State Farm Bank, FSB, a federal savings association headquartered in Bloomington, Ill. As described in the consent [order](#), the CFPB found that State Farm Bank violated the Fair Credit Reporting Act, Regulation V, and the Consumer Financial Protection Act of 2010 by obtaining consumer reports without a permissible purpose; furnishing to credit-reporting agencies (CRAs) information about consumers' credit that the bank knew or had reasonable cause to believe was inaccurate; failing to promptly update or correct information furnished to CRAs; furnishing information to CRAs without providing notice that the information was disputed by the consumer; and failing to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information provided to CRAs.

## Commodity Futures Trading Commission:

- The CFTC and the Utah Department of Commerce, Division of Securities, through its Attorney General (State of Utah) [filed](#) an amended complaint alleging that Denise Gunderson Rust and Joshua Daniel Rust actively participated and aided and abetted, in a precious metals Ponzi scheme with defendants Gaylen Dean Rust (Gaylen Rust) and Rust Rare Coin, Inc. (RRC). Through this scheme, Gaylen Rust and RRC fraudulently solicited at least \$200 million from investors since May 2013 for the purported purpose of pooling their money to purchase silver, a commodity in interstate commerce.
- The CFTC [announced](#) an Order of default judgment and permanent injunction has been issued against defendants Scott Allensworth (d/b/a Capital Growth Group Associates and Cobra Development Group LLP), of Newhall, California, and his California company E-Slate, Inc. (d/b/a Cobra Development Group LLP), Robert J. Fusco, of Henderson, Nevada, and David Weddle of Prospect, Kentucky, in connection with two separate fraudulent commodity pool trading schemes.



- The CFTC [announced](#) that Defendant Mark R. Slobodnik of Libertyville, Illinois, has been ordered to pay approximately \$370,000 in fines in connection with a \$1.76 million commodity pool fraud operated under the name Blue Guru, LLC.

## Federal Trade Commission:

- At the FTC's request, a U.S. district court in Illinois has [issued](#) a final judgment and order requiring nine related Canadian and U.S. defendants to pay more than \$4.6 million for tricking small businesses into paying for Internet directory listings, search engine optimization services, or website design and hosting services they never ordered.
- A federal judge in Florida has permanently [banned](#) Kevin W. Guice from the telemarketing and debt-relief industries, agreeing with the FTC and the State of Florida that he founded and operated a massive debt-relief scam that took in over \$23 million from more than 10,000 consumers, until halted by a June 2016 temporary restraining order.
- The FTC [offered](#) tips to consumers about buying internet connected toys.
- Two defendants charged with laundering millions of dollars in credit card charges through fraudulent merchant accounts have [settled](#) with the FTC.
- The operators of two Florida-based student loan debt relief schemes are [banned](#) from the debt relief business as part of agreements settling FTC allegations that they collected illegal upfront fees and falsely promised to help some consumers enroll in government programs that would reduce or forgive their student loan debt.
- One of the defendants involved in MOBE, a massive internet marketing and business coaching scheme alleged to have bilked hundreds of millions of dollars from consumers worldwide, has [agreed](#) to settle with the FTC. Under the settlement, she will turn over to the FTC control of funds held by MOBE corporate entities.
- The FTC [issued](#) the National Do Not Call Registry Data Book for Fiscal Year 2018. The FTC's National Do Not Call (DNC) Registry lets consumers choose not to receive most legal telemarketing calls.
- The FTC is [mailing](#) 43,456 checks totaling more than \$3.5 million to consumers subjected to deceptive and unfair sales and financing tactics by the Sage Auto Group and its owners between 2014 and 2016. Affected consumers will receive an average refund amount of \$81.76.
- The officers of a company that marketed and sold Nobetes, a pill they claimed treats diabetes, have [settled](#) a FTC complaint alleging that the advertising claims for the product are false or unsubstantiated.
- The FTC is [seeking](#) comment on whether the agency should make changes to rules requiring that financial institutions and creditors take certain steps to detect signs of identity theft affecting their customers.
- The defendants in a Minnesota-based business opportunity scheme known as Sellers Playbook have [settled](#) with the FTC and the State of Minnesota. The FTC and the Minnesota Attorney General's Office alleged that defendants lured consumers into believing that they would likely earn thousands of dollars a month selling products on Amazon.
- The FTC's latest Consumer Protection Data Spotlight [finds](#) seniors sending thousands in cash to scammers claiming to be their grandchildren. Seniors lost far more money through these scams than other age groups.

## Securities and Exchange Commission:

- The SEC instituted [settlement](#) proceedings against two robo-advisers for making false statements about investment products and publishing misleading advertising. The proceedings are the SEC's first enforcement actions against robo-advisers, which provide automated, software-based portfolio management services.
- The SEC [announced](#) settled charges against a natural and organic food company stemming from weaknesses in the company's internal controls related to end-of-quarter sales practices that were designed to help the company meet its internal sales targets. Based upon its extensive cooperation with the SEC's investigation, which included self-reporting and remediation efforts, the SEC did not impose a monetary penalty on the company.

- The SEC [announced](#) that three broker-dealers have agreed to pay more than \$6 million to settle charges that they provided the SEC with incomplete and inaccurate securities trading information in required SEC productions known as “blue sheet data.” The SEC uses this data to carry out its enforcement and regulatory obligations, including the investigation of insider trading and other fraudulent activity.

## In other federal news:

- The United States Department of Justice [announced](#) the sentencing of a Chinese citizen for a scheme to sell mislabeled dietary supplements.
- The Federal Communications Commission [issued](#) a ruling rejecting requests to make it harder for text messaging providers to protect consumers from spam and scam robotexts.
- The United States Surgeon General [released](#) an advisory on “E-cigarette Use Among Youth.”
- The United States Department of Justice [announced](#) that a federal court permanently enjoined a Michigan company and its owners from preparing, processing, and distributing adulterated ready-to-eat food.
- The United States Department of Justice [announced](#) that a federal court in Florida sentenced Eugene Marotta to 46 months in prison for his role in a mail fraud scheme that deceived thousands of victims (many of whom are elderly) into sending money to claim a falsely promised \$350,000 prize.

# Attorney General Consumer Protection News and Other Items of Interest

Fifty states and the District of Columbia have reached a [settlement](#) with Wells Fargo that will resolve allegations that Wells Fargo opened millions of unauthorized accounts and enrolled customers into online banking services without their knowledge or consent, improperly referred customers for enrollment in third-party rental and life insurance policies, improperly charged auto loan customers for force-placed and unnecessary collateral protection insurance, failed to ensure that customers received refunds of unearned premiums on certain optional auto finance products, and incorrectly charged customers for mortgage rate lock extension fees.

Forty two states and the District of Columbia have [settled](#) with Encore Capital Group, Inc. and its subsidiaries, Midland Credit Management, Inc. and Midland Funding, LLC (Midland) for using illegal tactics to collect unverified debts. The settlement resolves a multistate investigation into the debt-buying company’s collection and litigation practices, including claims that Midland “robo-signed” and filed affidavits containing unverified and potentially inaccurate information to support debt-collection lawsuits against consumers.

Forty three attorneys general [wrote](#) a letter to the Commissioner of the Social Security Administration (SSA) urging the SSA to develop, pursuant to a newly passed federal law, a database to facilitate the verification of a consumer’s information when requested by a certified financial institution, with the consumer’s consent. The federal law is aimed at addressing “synthetic identity theft,” in which identity thieves use real Social Security numbers along with fictitious names and birthdates to manufacture new identities.

Forty state attorneys general [reached](#) a \$68 million settlement with UBS to resolve allegations of fraudulent conduct involving the manipulation of LIBOR, a benchmark interest rate that affects financial instruments worth trillions of dollars and has a far-reaching impact on global markets and consumers.

A group of 40 state attorneys general are [working](#) to stop or reduce annoying and harmful robocalls. The coalition is reviewing the technology major telecom companies are pursuing to combat illegal robocalls.

Attorneys general from 12 states and commonwealths have [filed](#) a complaint in the U.S. District Court for the Northern District of Indiana against Medical Informatics Engineering, Inc. and NoMoreClipboard, LLC,

a web-based electronic health record company headquartered in Fort Wayne, Indiana. The complaint alleges the company violated provisions of the Health Insurance Portability and Accountability Act as well as state claims including Unfair and Deceptive Practice Law, Notice of Data Breach statutes, and Personal Information Protection Acts.

Best Buy, the AARP, and NAAG [launched](#) a campaign aimed at raising awareness around gift card fraud.

The Alaska Department of Law's Consumer Protection Unit is [warning](#) the public about marketing of a variety of industrial hemp-derived products that are currently not authorized for sale in Alaska.

Arkansas Attorney General Leslie Rutledge and NorthStar Alarm Services LLC have reached a [settlement](#) to resolve allegations that NorthStar violated the Arkansas Deceptive Trade Practices Act and the Home Solicitation Sales Act. The company's representatives engaged in unlawful and high pressure door-to-door sales tactics, which included misrepresenting its affiliation with other alarm companies and failing to disclose the length and cost of service contracts. In other Arkansas news, General Rutledge [obtained](#) a judgment against NuCold Refrigeration Inc. and the owner, Jerry Collins of Plumerville, based on allegations that NuCold failed to provide goods or services after consumers had already paid, provided defective goods, and failed to deliver goods or services by the promised date.

District of Columbia Attorney General Karl A. Racine [sued](#) Facebook, Inc. for allegedly failing to protect its users' data, enabling abuses like one that exposed nearly half of all District residents' data to manipulation for political purposes during the 2016 election. In its lawsuit, the Office of the Attorney General alleges Facebook's lax oversight and misleading privacy settings allowed, among other things, a third-party application to use the platform to harvest the personal information of millions of users without their permission and then sell it to a political consulting firm.

Florida Attorney General Pam Bondi's Office [obtained](#) a temporary injunction in connection with a complaint against Marlin Financial, Inc. to prohibit Marlin from offering alleged unlawful loans to Floridians.

Georgia Attorney General Chris Carr [urged](#) consumers to be on guard this holiday season and not to fall prey to telemarketing and imposter phone scams.

Idaho Attorney General Lawrence Wasden is [asking](#) Idahoans to be aware of a new tax scam targeting state residents.

Illinois Attorney General Lisa Madigan [filed](#) a lawsuit against a California woman who has used dozens of aliases and assumed business names to create and sell tickets for fake events in Illinois and throughout the country that never occurred. In other Illinois news, General Madigan [filed](#) a lawsuit against a Chicago diabetic supplies reseller and its owner who advertised online that his company would purchase unused diabetic testing supplies from consumers in Illinois and throughout the country but failed to pay people for their supplies.

Indiana Attorney General Curtis Hill [advised](#) Hoosiers to beware of fraudulent emails that appear, at first glance, to come from Apple representatives.

Iowa Attorney General Tom Miller's Office has [sued](#) a Davenport resident, alleging that his businesses promised to create and distribute promotional items, including posters promoting high school sports teams, but instead defrauded small businesses across the country.

Kentucky Attorney General Andy Beshear [issued](#) a scam alert after his office and the Better Business Bureau said an online company claiming to be located in Lexington and selling bourbon barrels is scamming customers.

Maryland Attorney General Brian E. Frosh [announced](#) that his Consumer Protection Division has settled charges against Maryland Speed LLC (Maryland Speed), an online retailer specializing in the sale of auto parts, and its owner, Branden Farthing. Charges against Maryland Speed and Farthing were initially brought in September 2018, and alleged that the retailer, based in Hollywood, Maryland, violated the Consumer Protection Act when it accepted payments for parts that it failed to provide to customers and refused to issue refunds.

Massachusetts Attorney General Maura Healey [announced](#) that a Connecticut automobile lender will provide \$733,925 in debt relief and refunds to resolve allegations that it facilitated the sale of defective vehicles by certain Massachusetts used car dealerships.

Minnesota Attorney General Lori Swanson [filed](#) a lawsuit against an unlicensed Virginia company that offers to help people settle their tax debt. The lawsuit alleges that the company, Wall and Associates, Inc., failed to register in Minnesota and collected large advance payments from customers of up to \$15,000 prior to the full delivery of services, in violation of Minnesota law. In other Minnesota news, General Swanson filed a [lawsuit](#) against Comcast Corporation/Xfinity for charging customers more than it promised for cable television packages, charging for unordered equipment and services, and not delivering prepaid Visa cards promised in its promotions.

Mississippi Attorney General Jim Hood [filed](#) a lawsuit against opioid distributors Cardinal Health, Inc., McKesson Corporation, and AmerisourceBergen Corporation for failing to prevent the diversion of opioids in Mississippi. The lawsuit alleges that these three companies, who distribute the majority of opioids, have failed to prevent the diversion of those drugs by breaching their legal duties to monitor, detect, investigate, refuse, and report suspicious orders of opioids, which the Complaint states is a violation of the Mississippi Consumer Protection Act. In other Mississippi news, General Hood [issued](#) a warning to businesses across the state about an international email scam that threatens to bomb a business if money is not transferred to the sender.

Nebraska Attorney General Doug Peterson [announced](#) that his office has reached a settlement with Tickets in Time, LLC, Secure Ticket Purchase, LLC, and their owner, John Uhrich (collectively Box Office Ticket Sales), resolving a consumer protection case that was filed in the Lancaster County District Court in 2016. Box Office Ticket Sales is a secondary market ticket seller that resells tickets to sporting events, concerts, and other events. The state alleged that certain marketing and sales practices on Box Office Ticket Sales' website and over the phone misled consumers into believing that they were buying tickets directly from the event venue rather than from a ticket reseller.

New Jersey Attorney General Gurbir S. Grewal and the Division of Consumer Affairs [announced](#) that health insurance provider EmblemHealth, Inc. has agreed to pay the State a \$100,000 civil penalty to resolve allegations it improperly disclosed the highly confidential personal information of more than 6,000 New Jersey customers.

New York Attorney General Barbara D. Underwood [announced](#) a record \$174.2 million consumer fraud settlement with Charter Communications, Inc. and Spectrum Management Holding Company for defrauding internet subscribers.

Pennsylvania Attorney General Josh Shapiro [announced](#) that the Attorney General's Bureau of Consumer Protection has filed a lawsuit against Element Kitchen & Bath Design, LLC and Michael J. Sheehan, for allegedly entering into contracts with consumers to perform home improvement services, including designing, installing, and supplying materials for renovations to consumers' homes but failing to perform the work or performing the work in a substandard manner. In other Pennsylvania news, General Shapiro [announced](#) that the Attorney General's Bureau of Consumer Protection has filed a lawsuit and is seeking a preliminary injunction against Howard Stahl of Pearl Plumbing, Inc. f/d/b/a Roto-Rooter, and his son, Nolan Stahl, and his current business: Stahl Brothers Plumbing, Inc. d/b/a Rooter Man for allegedly defrauding Pennsylvania consumers in the course of recommending the unnecessary replacement of sewer pipes.

South Dakota Attorney General Marty Jackley's Consumer Protection Division [confirmed](#) that the grandparents scam is targeting seniors this holiday season. In other South Dakota news, General Jackley [warned](#) consumers to be aware of a fictitious shipping company by the name *Sioux Falls Vehicle Carriers* that claims to be physically located in Sioux Falls, South Dakota.

Texas Attorney General Ken Paxton [announced](#) that his Consumer Protection Division finalized a settlement with the owner of several Dallas-Fort Worth area gas stations accused of price gouging last year during the state of disaster declared for Hurricane Harvey.

West Virginia Attorney General Patrick Morrisey [encouraged](#) consumers to know a store's return policy before buying gifts. In other West Virginia news, General Morrisey [urged](#) consumers to exercise caution when receiving unsolicited pay-for-prayer calls.



The Better Business Bureau [released](#) a report on subscription traps and deceptive free trial scams.

## Legislation

California [imposed](#) new regulations on internet of things devices.

[H.R. 3359](#) was signed into law, which establishes the Cybersecurity and Infrastructure Security Agency under DHS to develop cybersecurity and critical infrastructure security programs.

The 2018 majority staff of the U.S. House Energy and Commerce Subcommittee on Oversight and Investigations released a [cybersecurity strategy report](#) which suggests that companies need to revamp how they find and fix vulnerabilities in their Internet-connected devices. The report also highlights the priorities for the subcommittee in the upcoming year.

## Veterans and Military News

The Consumer Financial Protection Bureau [warned](#) servicemembers of unnecessary add-on products when buying a car.

The FTC and the Department of Veterans Affairs [signed](#) an updated Memorandum of Agreement to continue ongoing efforts to stop fraudulent and deceptive practices targeted at U.S. servicemembers, veterans, and dependents who use military education benefits.

## Consumer Protection Trivia

In what year did congress give the FTC the authority to protect consumers from “unfair and deceptive trade practices?”

1. 1915
2. 1938
3. 1965
4. 1932

Which president signed the Controlling the Assault of Non-Solicited Pornography and Marketing Act otherwise known as “CAN-SPAM?”

1. George W. Bush
2. Bill Clinton
3. Barack Obama
4. Donald Trump

## Upcoming Events



### **NAGTRI National Emerging Consumer Protection Issues in Healthcare Training**

February 4, 2019, Nashville, TN

This is a one-day training on Emerging Consumer Protection Issues in Healthcare for state attorney

general staff. Staff from the Federal Trade Commission will also be invited to attend. This training will include panel sessions and participant interaction on issues in the healthcare marketplace that are impacting consumers. Topics will include healthcare cost transparency, pharmacy benefit managers, and healthcare sharing ministries, among others. The full agenda is currently being developed.

Scholarship nominations are closed, but paid registration is open!

[More Information](#) ➔

### **NAGTRI National Consumer Protection 101 Training**

April 2-3, 2019, Salt Lake City, UT

This training will provide basic information about consumer protection cases. Participants will learn about federal and state consumer protection laws and important case law, the beginnings of a consumer protection case, pre-litigation discovery, enforcement actions, multistate investigations and working groups, the anatomy of a consumer settlement, and ethics in regard to undercover investigations and dealings with defense counsel.

More information coming soon

## **Trivia Answers**

1. B
2. A

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## **About NAGTRI**

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**November 2018**



### Consumer Chief of the Month: Christian Wright, Delaware

I like to say that the seeds of my interest in protecting consumers from frauds and deceptions were planted 28 years ago, when I was caught up in one of the great consumer frauds of the late 20th century. My mother waited in line for hours in the spring of 1990 to buy front row seats so that her older son (me) could take her younger son to see pop superstars, and Best New Artist Grammy winners, Milli Vanilli, at the Delaware State Fair. Just a few months later, they were exposed as lip-syncing frauds. What is less well-remembered are the lawsuits that were filed in the wake of that scandal, which was my first exposure to the use of consumer fraud laws to protect large groups of injured consumers.

[Read More](#) ➤

### Article of the Month: Tips on Cautioning Charitable Donors During the Holiday Season

**Kelley Hubbard, Assistant Attorney General  
Office of the Montana Attorney General**

With the holiday season in full swing and in the wake of several natural disasters and tragedies, which seem all too frequent these days, it is a good time to think about the critical role attorneys general can play in making sure dollars donated to charity end up doing the most good for our communities. The recipe for our offices' success with charitable giving, no matter the season or the occasion, is one part donor education, one part proactive planning, and one part enforcement action.

[Read More](#) ➤







## Scam Alert:

[Looking to Escape the Cold? Beware Vacation Cruise Scams](#)

# Federal Consumer Protection News

## Bureau of Consumer Financial Protection:

- The Bureau [offered](#) tips to enjoy the holidays without going into debt.
- The Bureau [updated](#) its youth financial education content to provide K-12 educators with free resources to help students develop financial knowledge, skills, and habits.
- The Bureau and the Federal Housing Finance Agency [released](#) for public use a new loan-level dataset collected through the National Survey of Mortgage Originations that provides insights into borrowers' experiences in getting a residential mortgage.

## Commodity Futures Trading Commission:

- The CFTC and the Utah Department of Commerce, Division of Securities, through Utah's Attorney General, jointly [filed](#) a civil enforcement action in the U.S. District Court for the District of Utah, Central Division, against Defendants Gaylen Dean Rust (Rust) and Rust Rare Coin, Inc. (RRC) of Layton, Utah and Salt Lake City, Utah, respectively. The complaint charges Rust and his company RRC with defrauding at least 200 individuals — from Utah and at least 16 other states — and fraudulently obtaining more than \$170 million from investors since May 2013 in a precious metals Ponzi scheme.
- The CFTC [announced](#) that a federal court ordered a hedge fund and its principals to pay more than \$1 million for fraud and registration violations.
- The CFTC [issued](#) an Order filing and simultaneously settling charges against Commerzbank AG for numerous violations of the Commodity Exchange Act (CEA) and CFTC Regulations, including failing to supervise its Swap Dealer's activities for more than 5 years and making misleading statements and material omissions to the CFTC concerning its Swap Dealer's operations and compliance with the CEA and CFTC Regulations. Commerzbank AG is a global banking and financial services company based in Frankfurt, Germany, that has been provisionally registered with the CFTC as a Swap Dealer since December 31, 2012.

## Federal Trade Commission:

- The FTC announced [the agenda](#) for the ninth session of its [Hearings Initiative](#), which will focus on [data security](#) and take place on December 11-12, 2018.
- The FTC is [mailing](#) 16,596 checks totaling more than \$750,000 to consumers who bought two deceptively marketed dietary supplements, NeuroPlus and BioTherapex, from Health Research Laboratories, LLC. Affected consumers will receive their checks by the end of December, with the average refund amount totaling \$44.34.
- In response to the FTC's motion, a U.S. district court in California [issued](#) an order temporarily halting an alleged Internet marketing scam. The Commission alleges the defendants marketed supposedly "free trial" offers for personal care products and dietary supplements online, but then charged consumers the full price of the products and enrolled them in negative option continuity plans without their consent.
- The FTC is [mailing](#) 1,251 checks totaling more than \$647,000 to non-profit organizations, churches, schools, small businesses, and volunteers that were tricked by Liberty Supply Company into buying office supply products at higher prices or in larger quantities than they had agreed upon.
- The FTC [alleged](#) that a California-based student debt relief scheme bilked consumers out of millions of dollars using false promises that they could reduce their monthly payments, or

eliminate or reduce their student loan debt. A federal court temporarily halted the scheme and froze its assets at the request of the FTC, which seeks to end the deceptive practices.

- The operators of a Los Angeles-based student loan and mortgage debt relief operation have [agreed](#) to settle FTC charges that they bilked millions of dollars out of consumers by falsely claiming to be affiliated with the federal government.
- The FTC has given final [approval](#) to settlements with four companies over allegations that they falsely claimed certification under the EU-U.S. Privacy Shield framework.
- Two Georgia-based companies and their principals have agreed to [settle](#) FTC allegations that, in connection with promoting a new insect repellent during the 2016 Zika virus outbreak, they misrepresented that paid endorsements were independent consumer opinions and commercial advertising was independent journalistic content.
- At the FTC's request, a federal district court in Maryland [issued](#) an order temporarily shutting down the largest overseas real estate investment scam the FTC has ever targeted.
- MoneyGram International, Inc. has [agreed](#) to pay \$125 million to settle allegations that the company failed to take steps required under a 2009 Federal Trade Commission order to crack down on fraudulent money transfers that cost U.S. consumers millions of dollars.
- At the request of the FTC, a federal judge temporarily [shut down](#) a Florida-based operation that allegedly collected more than \$100 million by preying on Americans in search of health insurance, selling these consumers worthless plans that left tens of thousands of people uninsured. Many of these consumers have incurred substantial medical expenses and have been stuck with thousands of dollars in unpaid medical bills.

## Securities and Exchange Commission:

- The SEC announced it [settled](#) charges against two companies that sold digital tokens in initial coin offerings (ICOs). These are the SEC's first cases imposing civil penalties solely for ICO securities offering registration violations. Both companies have agreed to return funds to harmed investors, register the tokens as securities, file periodic reports with the Commission, and pay penalties.
- The SEC [brought](#) additional charges against a Long Island, New York-based boiler room previously sued for defrauding elderly and unsophisticated investors. The latest charges allege that First Choice Healthcare Solutions Inc. CEO Christian Romandetti, the boiler room, and four others, manipulated the company's shares generating more than \$3.3 million of illegal profits and more than \$560,000 in kickbacks for Romandetti.
- The SEC [announced](#) that it has agreed to resolve its insider trading claims against James V. Mazzo, the former Chairman and Chief Executive Officer of Advanced Medical Optics, Inc. (AMO) for allegedly tipping information about his company's acquisition to his close personal friend, former professional baseball player Douglas V. DeCinces.
- The SEC [announced](#) settled charges against Zachary Coburn, the founder of EtherDelta, a digital "token" trading platform. This is the SEC's first enforcement action based on findings that such a platform operated as an unregistered national securities exchange.
- The SEC's Enforcement Division issued the annual [report](#) of its ongoing efforts to protect investors and market integrity. The report also highlights several significant actions and initiatives that took place in FY 2018. The report presents the activities of the Division from both a qualitative and quantitative perspective.
- The Securities and Exchange Commission [announced](#) that Citibank N.A. has agreed to pay \$38.7 million to settle charges of improper handling of "pre-released" American Depositary Receipts.

## In other federal news:

- A United States Postal Service security flaw may have [exposed](#) the personal data of millions of customers.
- The Federal Communications Commission Chairman [proposed](#) measures to reduce unwanted robocalls and support blocking of spam robotexts.
- The Federal Communications Commission Chairman [called](#) on the phone industry to adopt anti-spoofing protocols to help consumers combat scam robocalls.
- The United States Department of Justice [announced](#) that a federal court in New York entered a temporary injunction against individuals and corporations allegedly responsible for operating three international mail fraud schemes that primarily victimized the elderly or vulnerable. The schemes purportedly involved personalized notices informing recipients that they had won a large cash prize but needed to urgently pay a fee to claim their winnings.

- The United States Department of Justice [announced](#) that a federal court in Las Vegas, Nevada permanently enjoined six individuals and fourteen corporate entities from activities related to an alleged multi-million dollar mail fraud, cash prize scheme.
- The Food and Drug Administration is advancing development of a new consumer [survey](#) as part of a process to assess allergens in cosmetics.

# Attorney General Consumer Protection News and Other Items of Interest

Arizona Attorney General Mark Brnovich [announced](#) a \$451,000 judgement against a Texas-based travel company, ED Worldwide, LLC, and its CEO, George Barragan. The Arizona Attorney General's Office filed a consumer fraud lawsuit back in July after receiving complaints EB Worldwide, operating under the name "Senior Grad Trips," had accepted thousands of dollars in payments from Arizona consumers for a group vacation that was canceled without notice or refund. In other Arizona news, General Brnovich [issued](#) a warning about deceptive flyers appearing on residences that promote a solar energy effort.

Arkansas Attorney General Leslie Rutledge [warned](#) consumers of Secret Santa scams.

Best Buy, Walmart, and Target have agreed to make major changes to their gift card policies, which are intended to prevent gift cards sold in their stores from being used for payment by victims of scams. Walmart, Target, and Best Buy made these changes voluntarily thanks to the joint initiative of the Attorneys General of [Pennsylvania](#) and [New York](#).

Florida Attorney General Pam Bondi [released](#) the 2018 Holiday Consumer Protection Guide to assist shoppers this holiday season.

Georgia Attorney General Chris Carr [warned](#) Georgians of ticket scams ahead of big sporting events in Atlanta. Additionally, General Carr [encouraged](#) consumers to spend wisely and protect themselves this holiday season.

Hawaii Attorney General Russell Suzuki [announced](#) the establishment of the Electronic Smoking Device Retailer Registration Unit within the Department of the Attorney General, pursuant to Act 206, Session Laws of Hawaii 2018. The Act requires an entity engaged in the retail sale of electronic smoking devices to register with the Unit, provide identifying information, and allow for inspections of the retailer's facilities. Failure to timely register may subject a violator to a civil penalty of \$100 for each day the retailer is in violation, plus the costs of the investigation conducted by the Unit to determine the violation.

Juul Labs Inc. [announced](#) that it has suspended the sale of its "flavored" pods in retail stores and shut down its U.S. based social media accounts on Facebook and Instagram.

A Kentucky wedding venue owner is [facing](#) legal action from Kentucky Attorney General Andy Beshear for allegedly conning at least seven couples weeks before their weddings by canceling the events or by not providing contracted services.

Louisiana Attorney General Jeff Landry [advised](#) Louisiana consumers to be mindful of various child products that have been recently recalled.

On the heels of her lawsuit against another competitive electricity supplier, Massachusetts Attorney General Maura Healey [announced](#) that customers of the competitive electricity supplier, Viridian Energy, LLC, are beginning to receive restitution payments as part of a \$5 million settlement reached with the AG's Office over allegations of deceptive marketing and sales tactics that lured residents into costly contracts with high electricity rates. In other Massachusetts news, General Healey [announced](#) that Comcast will pay refunds and cancel debts for more than 20,000 Massachusetts customers as part of a settlement resolving allegations that the company violated state consumer protection laws by using

deceptive advertisements to promote its long-term cable contracts. Additionally, General Healey [announced](#) that a Shrewsbury man has been sued for allegedly operating an unlicensed and unsanitary pet shop in his home and misrepresenting the health and condition of bulldog puppies he sold to Massachusetts consumers for thousands of dollars.

Maryland Attorney General Brian Frosh [announced](#) holiday shopping tips.

New Jersey Attorney General Gurbir S. Grewal [announced](#) that the state has submitted for filing a five-count lawsuit against Janssen Pharmaceuticals Inc., a subsidiary of Johnson & Johnson, for allegedly deceiving consumers about the dangers of two of the company's opioid products with high potential for abuse – Nucynta and Nucynta ER. In other New Jersey news, General Grewal [announced](#) that the Division of Consumer Affairs has issued Notices of Violation against 28 businesses that allegedly defrauded consumers by offering immigration services that they are not legally permitted to provide.

New York Attorney General Barbara D. Underwood [announced](#) a lawsuit jointly filed with the Federal Trade Commission against a Buffalo debt collection operation run by Robert Heidenreich for allegedly engaging in deceptive and abusive debt collection practices. A federal court granted a temporary restraining order freezing the operations' assets, ordered the defendants to comply with the law, and appointed a receiver to take over the corporate entities at the request of the attorney general's office and the FTC. In other New York news, General Underwood [announced](#) a settlement resolving an investigation into Illinois-based Abbott Laboratories, maker of Similac infant formula, over misleading marketing surveys the company sent to new parents about their infant-feeding habits. Additionally, General Underwood [announced](#) a judgment obtained against Finger Lakes Estate and Auction, Inc. and its owner, Charles Dorsey, for fraudulently inducing consumers into giving up their personal property for auction sales and failing to return the proceeds as promised.

Ohio Attorney General Mike DeWine [announced](#) a consumer protection lawsuit against a Martins Ferry used car seller accused of failing to deliver vehicle titles to consumers. In other Ohio news, General DeWine [filed](#) a consumer protection lawsuit against Energy Wise Home Improvements, a Mahoning County company that has generated more than 180 complaints since mid-October.

Pennsylvania Attorney General Josh Shapiro [announced](#) 20 legal actions have been filed against auto dealers and salespeople in eleven counties in Pennsylvania for violating consumer protection laws and deceptively advertising motor vehicles. In other Pennsylvania news, General Shapiro [warned](#) of holiday shopping scams.

South Dakota Attorney General Marty Jackley [warned](#) consumers to be aware of a fictitious shipping company by the name Sioux Falls Vehicle Carriers that claims to be physically located in Sioux Falls, South Dakota. In other South Dakota news, General Jackley [offered](#) holiday shopping tips.

Texas Attorney General Ken Paxton [warned](#) Texans that fraudulent emails are being sent from people impersonating the Internal Revenue Service targeting users with fake tax documents.

Vermont Attorney General T.J. Donovan joined Vermont Student Assistance Corporation to [warn](#) Vermonters about scams involving student loans. Scammers pose as student loan servicers, debt relief companies, document preparation companies or say that you may be eligible for a student loan forgiveness program.

Virginia Attorney General Mark R. Herring is [warning](#) Virginia consumers who could be affected by Marriott's massive data breach to remain vigilant.

Washington Attorney General Bob Ferguson's third annual Data Breach [Report](#) finds that data breaches affected nearly 3.4 million Washingtonians between July of 2017 and July of 2018 — an increase of 700,000, or 26 percent, over the previous year, and an increase of nearly 3 million, or more than 700 percent, compared to two years ago.

West Virginia Attorney General Patrick Morrissey [filed](#) suit alleging a Northern Panhandle home improvement contractor defrauded at least five consumers of more than \$11,000 in down payments for fencing projects the defendant would never begin. In other West Virginia news, General Morrissey [offered](#) tips for safe holiday shopping.



# Charities

Florida Attorney General Pam Bondi [released](#) charitable giving tips to protect citizens from scams.

New York Attorney General Barbara D. Underwood [offered](#) charitable giving tips to New Yorkers.

North Dakota Attorney General Wayne Stenehjem [warned](#) consumers to be aware of phony “look alike” charities.

Ohio Attorney General Mike Dewine [offered](#) charitable giving tips to Ohio donors.

The United States Department of Justice [announced](#) that the former CEO of a charity headquartered in Springfield, Missouri has pleaded guilty to her role in a multi-million-dollar political corruption scheme that involved bribes and campaign contributions for elected public officials in Missouri and Arkansas. Marilyn Luann Nolan, pleaded guilty before federal judge on November 9, to one count of conspiracy to embezzle and misapply the funds of a charitable organization that received federal funds.

# Legislation

Senator Ron Wyden unveiled draft [legislation](#) that would allow hefty fines and as much as 20-year prison terms for executives who violate privacy and cybersecurity standards. The legislation would also grant the Federal Trade Commission authority to write privacy regulations and allow maximum fines of 4 percent of revenue - matching European rules adopted earlier this year.

# Veterans and Military News

California Attorney General Xavier Becerra [announced](#) a jury verdict in favor of the state against individuals who fraudulently solicited charitable donations under the pretext of assisting wounded veterans and their families and instead illegally enriched themselves with the donated funds.

The BBB released an [article](#) on the riskiest scams for military families and veterans.

The Bureau of Consumer Financial Protection [released](#) tips to help prevent scams targeted at veterans. The Bureau also [offered](#) servicemembers basic car buying tips.

The FTC is [seeking](#) comment on a proposed rule to implement a 2018 law requiring the nationwide consumer reporting agencies to provide free electronic credit monitoring services for active duty military consumers.

Pennsylvania Attorney General Josh Shapiro [announced](#) his Bureau of Consumer Protection and Office of Military and Veterans Affairs have settled a case against a Pennsylvania man for lying about his military service and violating the Stolen Valor Act.

The United States Department of Justice [announced](#) that Hudson Valley Federal Credit Union has agreed to pay \$95,000 to resolve allegations that it violated the Servicemembers Civil Relief Act (SCRA) by repossessing vehicles owned by SCRA-protected servicemembers without first obtaining the required court orders. Under the agreement, Hudson Valley has agreed to pay \$65,000 to compensate seven servicemembers whose cars it unlawfully repossessed and will pay a civil penalty of \$30,000 to the United States.

Virginia Attorney General Mark R. Herring [announced](#) that he has secured more than \$50 million in debt relief and ordered civil penalties as a result of his lawsuit against Future Income Payments, LLC; FIP, LLC; and their owner, Scott Kohn for making illegal, high-interest loans to more than 1,000 Virginia veterans and retirees in violation of the Virginia Consumer Protection Act.

Washington Attorney General Bob Ferguson announced that a Washington state court judge granted his motion for a preliminary injunction against Spanaway-based Fallen Hero Bracelets, the Benjamin Foundation, and other organizations run by Michael Friedmann. The injunction forces the organizations to

cease operations until they register with the Secretary of State and provide financial reports for each year of their existence. In other Washington news, General Ferguson [announced](#) new resources aimed at helping military servicemembers and veterans deal with legal issues.

## Consumer Protection Trivia

1. In what type of scam does a person pose as a suitor usually over the internet in order to lure the victim into a romance before requesting money from the victim?

- A. Tech support scam
- B. Utility scam
- C. Romance scam
- D. Identity theft scam

2. What does “UDAP” stand for in many states’ consumer protection laws?

- A. Unsafe and discriminatory acts and practices
- B. Unfair and deceptive acts and practices
- C. Unreasonable and discriminatory acts and practices
- D. Unsafe and deceptive acts and practices

## Upcoming Events



### **NAGTRI Charities Webinar: Hospital Transactions**

December 6, 2018

A sale, merger, or other significant transaction involving a charitable, nonprofit hospital, or healthcare system can have major implications for the communities they serve. Attorneys general typically review these increasingly complex transactions, either because of statutory requirements or as part of their general oversight of charitable organizations.

[More Information](#) ➤

### **NAGTRI Investigations Webinar: Somos Toll-Free Numbers**

December 11, 2018

Fraud committed using Toll-Free Numbers impacts consumers across the nation. From utility scams to tech scams, scammers use Toll-Free Numbers to impersonate companies. Scammers use everything from cold calls and emails to fake websites and internet ads to scam victims. During this webinar, Somos, the Federal Communications Commission appointed Toll Free Numbering Administrator, will introduce themselves and their partners in the Toll-Free ecosystem, provide examples of several types of scams consumers are facing, and explain what both attorney general offices, and consumers, can do when they encounter a scam using a Toll-Free Number.

[More Information](#) ➤



### **NAGTRI & State Center: Consumer Protection Southwest Regional Training**

January 23-24, 2019, Phoenix, AZ

The [NAGTRI Center for Consumer Protection](#) and the [State Center](#) are pleased to announce a series of regional consumer protection meetings for state attorneys general staff focusing on consumer protection issues. The purpose of the meetings is to bring staff together in six different regions of the country to discuss and learn about pressing and relevant consumer protection issues specific to each area of the country and provide an opportunity for collaboration and relationship building among the attendees. This particular training is for the Southwest Region.

Scholarship nominations are closed, but paid registration is open!

[More Information](#) ➤



### **NAGTRI National Emerging Consumer Protection Issues in Healthcare Training**

February 4, 2019, Nashville, TN

This is a one-day training on Emerging Consumer Protection Issues in Healthcare for state attorney general staff. Staff from the Federal Trade Commission will also be invited to attend. This training will include panel sessions and participant interaction on issues in the healthcare marketplace that are impacting consumers. Topics will include healthcare cost transparency, pharmacy benefit managers, and healthcare sharing ministries, among others. The full agenda is currently being developed.

Scholarship nominations and paid registration are open!

[More Information](#) ➤

## **Trivia Answers**

1. C. Romance scam
2. B. Unfair and deceptive acts and practices

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)





## Center for Consumer Protection Monthly

October 2018



### Consumer Chief of the Month: Victoria Butler, Florida

Many thanks to NAGTRI for this opportunity to highlight the great work of the Florida Attorney General's Consumer Protection Division and the opportunities I have had to contribute over my short 20-year career with this office. And a short 20 years it truly has been as the busy years have flown by with each day bringing new issues and new challenges in this rewarding and dynamic world of consumer protection enforcement.

I did not set out to work in consumer protection—I'm pretty sure I had never even heard of the unfair and deceptive trade practices act before applying to the attorney general's office.

[Read More](#) ➔

### Article of the Month: Recognizing and Combating Interstate Moving Fraud

**Lawrence Hawthorne III, Transportation Specialist  
Commercial Enforcement and Investigations Division,  
Federal Motor Carrier Safety Administration (FMCSA)**

Recently, the U.S. Department of Justice charged several company officials operating as Flagship Van Lines. Flagship Van Lines, along with many affiliated companies including Unified Van Lines, Public Moving Services, and Presidential Moving, were identified by investigators as hiking prices after the customer has committed to the original price and/or refusing to release more than 160 shipments without excessive payments from the customer.



[Read More](#) ➔



## Scam Alert:

[Beware of College Prep Scams](#)

# Federal Consumer Protection News

## Bureau of Consumer Financial Protection:

- The Bureau [released](#) a 50 state “complaint snapshot” report.
- The Bureau announced a [settlement](#) with Cash Express, LLC, a small-dollar lender based in Cookeville, Tennessee, that offers high-cost, short-term loans, such as payday and title loans, as well as check-cashing services. Cash Express owns and operates approximately 328 retail lending outlets in four states: Tennessee, Kentucky, Alabama, and Mississippi.
- The Bureau [offered](#) tips on how to tell the difference between a legitimate debt collector and scammers.
- The Bureau and Bluestem Brands, Inc.; Bluestem Enterprises, Inc.; and Bluestem Sales, Inc. (the Bluestem companies), have [filed](#) an administrative consent order resolving the Bureau’s allegations that after consumers made payments to the Bluestem companies on debts that the companies had already sold, the Bluestem companies substantially delayed sending those payments to the third-party debt buyers.

## Commodity Futures Trading Commission:

- A New York federal court has [ordered](#) New York corporation Gelfman Blueprint, Inc. and its Chief Executive Officer Nicholas Gelfman of Brooklyn, New York, to pay in total more than \$2.5 million in civil monetary penalties and restitution in what is the first anti-fraud enforcement action involving Bitcoin filed by the CFTC.
- The CFTC [issued](#) an order filing and settling charges against Kamaldeep Gandhi, in which Gandhi admits to engaging in manipulative and deceptive schemes, along with other individuals, which involved thousands of acts of spoofing (bidding or offering with the intent to cancel the bid or offer before execution) with respect to a variety of futures products traded on the Chicago Mercantile Exchange, Chicago Board of Trade, New York Mercantile Exchange, and the Commodity Exchange, Inc.
- The CFTC [announced](#) that Judge John Robert Blakey of the U.S. District Court for the Northern District of Illinois entered a Consent Order for Permanent Injunction, which resolves charges against defendant Thomas C. Lindstrom, of Winnetka, Illinois, for engaging in fraud in connection with his trading of options on 10-year U.S. Treasury note futures.
- A federal judge of the U.S. District Court for the District of Massachusetts, [entered](#) an order holding that the CFTC sufficiently alleged that a specific virtual currency was a commodity and that the CFTC has the power to prosecute fraud involving virtual currency.
- The CFTC [filed](#) a civil enforcement action in the U.S. District Court for the Western District of Washington charging defendant Aaron Michael Scott of Portland, Oregon, with fraud and misappropriation in connection with contracts of sale of precious metals, specifically gold and silver.

## Federal Trade Commission:

- Online student loan refiner SoFi has [agreed](#) to stop misrepresenting how much money student loan borrowers have saved or will save from refinancing their loans with the company, in order to settle FTC charges that it deceptively advertised inflated figures for more than two years.
- The FTC [approved](#) final amendments to its R-Value Rule for home insulation products.

- The FTC [announced](#) the agenda for the sixth session of its [Hearings Initiative](#), with two and a half days of sessions on November 6–8, 2018, to be held at American University Washington College of Law in Washington, D.C. Additionally, the FTC will [hold](#) four days of hearings in December and February to examine the FTC’s authority to deter unfair and deceptive conduct in data security and privacy matters.
- In [testimony](#) before the U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights, the FTC described its enforcement of antitrust laws, its advocacy work, and the public hearings it is hosting on a variety of competition and consumer protection issues.
- The FTC has [given](#) final approval to a settlement with Uber Technologies, Inc. over allegations that the ride-sharing company deceived consumers about its privacy and data security practices.
- As part of its efforts to address evolving privacy and data security challenges, the FTC is [announcing](#) a call for presentations for its fourth annual PrivacyCon, to be held on June 27, 2019.
- At the FTC’s request, a federal district court in California has temporarily [halted](#) a company’s advertising of three dissolvable oral film strips that the FTC alleges were deceptively marketed as effective smoking cessation, weight-loss, and sexual-performance aids.
- Staff of the FTC [released](#) a new paper today outlining key takeaways from a December 12, 2017, workshop examining injuries consumers may suffer from privacy and security incidents.
- A new report [released](#) by the FTC details the agency’s comprehensive efforts to protect older consumers from fraud, identity theft, and other problems in the marketplace.
- A California-based physician and the two companies he controls have [settled](#) charges of deceptively advertising that “amniotic stem cell therapy” can treat serious diseases, including Parkinson’s disease, autism, macular degeneration, cerebral palsy, multiple sclerosis, and heart attacks.
- The FTC, along with the Department of Homeland Security, the National Institute of Standards and Technology, and the Small Business Administration, [launched](#) a national education campaign to help small business owners understand common cyber threats and how they can help protect their businesses.
- The FTC is [making](#) consumer complaint data more accessible by releasing its aggregated data on a quarterly basis in a new interactive format.
- The FTC [filed](#) a complaint against defendants Forms Direct, Inc., also known as American Immigration Center, and owner Cesare Alessandrini, alleging that they falsely implied that their websites were affiliated with U.S. Citizenship and Immigration Services.
- The marketer of a scheme to make money on Amazon, and his companies, are [banned](#) from marketing and selling business opportunities and business coaching services under a settlement with the FTC.
- A group of car dealerships and their president and vice president have [settled](#) FTC allegations that they mailed more than 21,000 fake “urgent recall” notices to consumers in 2015 and 2017, to lure them to visit dealerships.
- The staff of the FTC will [examine](#) consumer protection and competition issues related to the online event-ticket marketplace at a public workshop on March 27, 2019.
- The FTC has completed its regulatory review of the Picture Tube [Rule](#) and, following a second public comment [period](#) announced in March, authorized the publication in the Federal Register of a final rule notice that [repeals](#) the Rule, effective 90 days after publication.
- The FTC is [mailing](#) checks totaling \$89,736 to 246 small businesses who paid DOTAuthority.com Inc. or related defendants service fees for commercial vehicle registrations based on allegedly deceptive advertising and practices.

## Securities and Exchange Commission:

- The SEC [announced](#) it has agreed to a settlement with Christopher A. Faulkner—the self-proclaimed “Frack Master”—in connection with his wide-ranging securities-fraud scheme that raised over \$80 million from hundreds of investors nationwide. Faulkner has simultaneously entered into a plea agreement relating to the same misconduct under which he will serve 12 years in federal prison for securities fraud, money laundering, and tax evasion.
- The SEC [suspended](#) trading in the securities of a company amid questions surrounding its statements about partnering with a claimed SEC-qualified custodian for use with cryptocurrency transactions and a purportedly registered public offering of preferred stock.
- The SEC [announced](#) charges against an investment adviser with a history of violating the securities laws for defrauding his close friends and community members.
- The SEC issued an investigative [report](#) cautioning that public companies should consider cyber threats when implementing internal accounting controls. The report is based on the SEC

Enforcement Division's investigations of nine public companies that fell victim to cyber fraud, losing millions of dollars in the process.

- The SEC [announced](#) that it has obtained an emergency court order halting a planned initial coin offering (ICO), which backers falsely claimed was approved by the SEC. The order also halts ongoing pre-ICO sales by the company, Blockvest LLC and its founder, Reginald Buddy Ringgold, III.
- The SEC [charged](#) a Virginia real estate developer with skimming investor funds that were intended for use in purchasing an office building near the site of a planned commuter rail station on the Washington Metropolitan Area Transit Authority's Silver Line.
- The SEC has [filed](#) an emergency action and obtained an asset freeze against two individuals and their companies in a scheme that generated more than \$165 million of illegal sales of stock in at least 50 microcap companies. SEC investigators unraveled the multi-year scheme with the assistance of more than a dozen international regulators and sophisticated analysis of nearly 400 bank and brokerage accounts.
- The SEC [announced](#) that Elon Musk, CEO and Chairman of Silicon Valley-based Tesla, Inc., has agreed to settle the securities fraud charge brought by the SEC against him. The SEC also charged Tesla with failing to have required disclosure controls and procedures relating to Musk's tweets, a charge that Tesla has agreed to settle. The settlements, which are subject to court approval, will result in comprehensive corporate governance and other reforms at Tesla—including Musk's removal as Chairman of the Tesla board—and the payment by Musk and Tesla of financial penalties.

## The United States Department of Justice:

- The USDOJ [announced](#) that a New York resident plead guilty to a multimillion dollar elder fraud scheme and to defrauding the FTC.
- The USDOJ [announced](#) that seven U.S. citizens were charged in an indictment for their roles in a Costa Rica-based telemarketing scheme that allegedly defrauded victims in the United States, including the elderly.

## In other federal news:

- The Federal Communications Commission [proposed](#) a \$63,465,500 fine against American Broadband and Telecommunications Company, a wireless reseller based in Ohio, for apparent repeated, systematic, and large-scale violations of FCC rules governing the Lifeline program, which helps make communications services more affordable for low-income Americans.
- IC3 [posted](#) a PSA to its website titled "Business Email Compromise: Gift Cards."
- Health and Human Services Secretary Alex Azar [announced](#) a notice for proposed rulemaking that will implement price transparency requirements for direct to consumer advertising on television by drug companies.
- The United States Department of Transportation [published](#) Preparing for the Future of Transportation: Automated Vehicles 3.0 which provides a framework for the safe development, testing and integration of automated vehicle technology.

# Attorney General Consumer Protection News and Other Items of Interest

A bipartisan coalition of 34 attorneys general [called](#) on the Federal Communications Commission to create new rules to allow telephone service providers to block more illegal robocalls being made to unsuspecting consumers across the country.

Alabama Attorney General Steve Marshall and the Alabama Home Builders Licensure Board are [warning](#) consumers to be wary of home repair fraud that may occur in the wake of Hurricane Michael.



Arizona Attorney General Mark Brnovich [announced](#) Orangutan Home Services, Inc. will pay \$150,000 in civil fines for calling Arizonans on the “Do Not Call” Registry. In other Arizona news, General Brnovich [filed](#) an Arizona Antitrust and Consumer Fraud lawsuit against dental supply company, Benco, for its alleged anticompetitive and deceptive acts that stifled competition in the Arizona dental industry and harmed Arizona consumers. Additionally, General Brnovich [warned](#) consumers about purchasing vehicle history reports through suspicious websites.

Arkansas Attorney General Leslie Rutledge and Alert America LLC have [reached](#) a settlement to resolve allegations that Alert America violated the Arkansas Deceptive Trade Practices Act. The company sold third-party alarm-monitoring services to Arkansas consumers, and many of its contracts included a prepaid service contract. In other Arkansas news, General Rutledge [warned](#) that some online services may not be all that they appear. Additionally, General Rutledge [filed](#) a consumer-protection lawsuit against Jonathan and Paula Funk and their company Jonathan Funk Photography for alleged violations of the Arkansas Deceptive Trade Practices Act.

Apple [gives](#) U.S. users a tool to see what data is collected from them.

The BBB [warned](#) that political scams are expected to increase as the midterm election approaches.

In the wake of Hurricane Michael, Florida Attorney General Pam Bondi [warned](#) consumers of contractor, debris removal, and other hurricane related scams as [did](#) Georgia Attorney General Chris Carr.

Google is [shutting](#) down Google+ in the aftermath of a privacy glitch.

Illinois Attorney General Lisa Madigan, with the Illinois Department of Financial and Professional Regulation [announced](#) an agreement with Diamond Residential Mortgage Corporation under which the company will pay \$1.2 million to eligible consumers who were defrauded by one of the company's branch managers.

Iowa Attorney General Tom Miller [announced](#) that a Utah satellite TV company will offer to refund money or cancel contracts for more than 1,100 Iowans after the Iowa Attorney General's Office accused it of violating the Iowa Consumer Fraud Act.

Louisiana Attorney General Jeff Landry and Consumer Financial Protection Bureau Acting Director Mick Mulvaney [hosted](#) a town hall focused on protecting Louisiana's elderly from financial exploitation.

Massachusetts Attorney General Maura Healey [announced](#) that an unregistered Massachusetts home improvement contractor has been ordered to pay \$489,884 in restitution and penalties and will be permanently debarred from operating as a home improvement contractor as a result of a judgment issued in Massachusetts state court. In other Massachusetts news, General Healey [announced](#) the filing of a lawsuit in Massachusetts state court against Connecticut-based competitive electricity supplier, Starion, two of its principals, Ruzhdi Dauti and Dashmir Murtishi, and several related telemarketing companies, Telalink, LLC, Telestars, LLC, F E Z, LLC, and StartelDM, LLC. The complaint alleges that the parties violated the state's consumer protection laws by engaging in unfair sales tactics including unsolicited telemarketing calls and pre-recorded robocalls that deceived Massachusetts customers by falsely promising them lower electricity rates while signing them up for expensive contracts that ultimately made them pay millions more on their bills.

Microsoft released a [report](#) on the state of tech support scams in 2018.

Minnesota Attorney General Lori Swanson [filed](#) a lawsuit against the nation's three major manufacturers of insulin used to treat diabetes after prices more than doubled in recent years. The lawsuit alleges that the drug companies—Sanofi-Aventis U.S. LLC, Novo Nordisk, Inc., and Eli Lilly and Co.—deceptively raised the list prices of insulin, making it less affordable to patients in high deductible health plans, the uninsured, and senior citizens on Medicare.

Montana Attorney General Tim Fox [highlights](#) the importance of knowing how to minimize the risk of cyber threats and how to respond if personal data may have been compromised.

New York Attorney General Barbara D. Underwood [announced](#) a court win for New York consumers against Rochester-based home improvement contracting business A-S Contracting, and their operators Alvis Sprague and Sarah Crawford. In other New York news, General Underwood [announced](#) a

settlement with major biopharmaceutical company, Pfizer Inc., following an investigation into the company's business and advertising practices for its copayment coupon program. As part of the program, consumers were told that they would "pay no more than" \$15 or \$20, for example, for certain drugs – but ended up spending far more at the pharmacy cash register. Additionally, General Underwood [announced](#) that Wells Fargo & Company will pay a \$65 million penalty following the attorney general's investigation into the bank's fraudulent statements to investors in connection with its "cross-sell" business model, related sales practices, and the bank's publicly reported cross-sell metrics.

North Carolina Attorney General Josh Stein wrote [Facebook](#) CEO Mark Zuckerberg and [Google](#) CEO Sundar Pichal to demand answers about each company's security and safety of their users' data. Additionally, General Stein [announced](#) that he has launched an investigation into Juul, the e-cigarette company.

Ohio Attorney General Mike DeWine [announced](#) a consumer protection lawsuit against a home improvement contractor accused of failing to deliver promised services to Cleveland-area consumers. In other Ohio news, General DeWine [warned](#) consumers to beware of tech support scams, which have been reported by dozens of Ohioans. Additionally, General DeWine [announced](#) consumer protection lawsuits against two different Cleveland used car sellers accused of failing to deliver vehicle titles to Ohio consumers.

As part of an ongoing investigation into allegations of redlining in the Philadelphia region, Attorney General Josh Shapiro [issued](#) a call to all mortgage borrowers and home loan applicants in the area to file complaints with his office if they believe they may have been victims of redlining or experienced irregularities when looking for a mortgage or home loan. The Office of Attorney General is investigating evidence of financial institutions refusing to make mortgage loans in Philadelphia neighborhoods because of their racial or ethnic makeup, or otherwise unlawfully dissuading minorities from applying for mortgage loans.

The Texas Attorney General's Office [announced](#) that Consumer Protection Division Assistant Attorneys General Rick Berlin and Stephanie Eberhardt received the prestigious Rising Star award from the National Consumer Law Center.

Vermont Attorney General T.J. Donovan is [warning](#) Vermonters about a spike in scams by fraudsters pretending to be utilities.

Virginia Attorney General Mark R. Herring and the Virginia Department of Motor Vehicles are [urging](#) consumers in the market for a new or used car to be on the lookout for vehicles with water damage in the wake of flooding caused by Hurricane Florence that has damaged or destroyed countless vehicles.

West Virginia Attorney General Patrick Morrissey also [urged](#) consumers to exercise caution when purchasing used vehicles potentially submerged by Hurricane Florence's flooding rains.

In other West Virginia news, General Morrissey [filed](#) suit seeking to block a Putnam County flooring contractor from any future work in the area of home improvement sales and installation. The lawsuit alleges Xpert Tile and Hardwood Installation, by way of its owner Chad Akers, violated the state's consumer protection law by entering into unlawful contracts and failing to complete the agreed upon work.

Wyoming Attorney General Peter Michael announced that his office [sued](#) Purdue Pharma for allegedly unfairly and deceptively marketing and promoting opioids in Wyoming.

Yahoo [agrees](#) to pay \$50 million in damages over biggest security breach in history.

## Charities

The FTC [warns](#) consumers about charity scams in the wake of natural disasters. The FTC also [provided](#) cybersecurity resources for non-profits.

West Virginia Attorney General Patrick Morrisey [reminds](#) consumers to use caution as they open their wallets to help those impacted by Hurricane Michael.

## Veterans and Military News

A bipartisan coalition of 33 attorneys general [called](#) on the Bureau of Consumer Financial Protection (Bureau) and Acting Director Mick Mulvaney to continue protecting military servicemembers against predatory lenders under the Military Lending Act (MLA). The attorneys general urged the Bureau to reconsider its reported decision to stop examining lenders to ensure they are complying with the MLA.

New York Attorney General Barbara D. Underwood announced a [lawsuit](#) against Harris Jewelry – a jewelry retailer headquartered in New York, with dozens of locations across the country including one near Fort Drum in New York – for allegedly engaging in false and deceptive acts and illegal lending in the financing of jewelry sales to active-duty servicemembers. This lawsuit is the result of an ongoing multistate investigation co-led by New York and Tennessee. In related news, North Carolina Attorney General Josh Stein [issued](#) a civil investigative demand to Harris Jewelry including stores in Fayetteville near Fort Bragg and Jacksonville near Camp Lejeune. General Stein, as part of an active investigation, is requiring Harris Jewelry to produce significant documentation to further the Department of Justice's investigation into the jewelry store's business practices.

The U.S. Department of Veterans Affairs [published](#) a "Disaster Assistance for Veterans" brochure.

## Consumer Protection Trivia

1. In which month does the Federal Trade Commission typically promote the National Consumer Protection Week?

- a. July
- b. December
- c. March
- d. August

2. Which federal act limits the amount of interest on certain financial obligations incurred prior to military service to no more than 6 percent per year?

- a. The Military Lending Act
- b. The Unformed Services Employment and Reemployment Rights Act
- c. The Patriot Act
- d. The Servicemembers Civil Relief Act

## Upcoming Events



### **NAGTRI Investigations Webinar: Civil Investigative Demands**

November 13, 2018

Civil Investigative Demands are often used as a fact-finding tool in consumer protection investigations. This webinar aims to provide recommendations and ideas for attorney general offices to use when drafting civil investigative demands to improve the likelihood of success in obtaining useful information.

[More Information](#) ➔



### **Anatomy of a Complex Consumer Protection Case**

January 8-11, 2019, New Orleans, LA

This course focuses on complex consumer protection investigations and enforcement actions. Participants will learn to identify and overcome the challenges that such cases present, from initial intake to final resolution. Faculty presentations will cover investigation and discovery, victims and witnesses, pretrial motions, ordinary and extraordinary relief matters and defenses, function of multistate groups, dealing with the defense, working with outside counsel, settlement considerations, and post judgment matters. The training will also include negotiations and ethics components. Faculty members will facilitate small group discussions centered on presentation topics.

[More Information](#) ➔

## **Trivia Answers**

1. c.) March
2. d.) The Servicemembers Civil Relief Act

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)





# About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

**September 2018**



## **Consumer Chief of the Month: Jessica Whitney, Iowa**

Thank you for the opportunity to be Consumer Protection Chief of the Month. Following the August CP Chief Jeff Hill is a difficult task, but then so is coming after all of the great CP Chiefs that have proceeded me. I am truly honored to be among them.

Before starting one of the best jobs in law, I grew up in Indianola, Iowa, a town south of Des Moines and separated by 12 miles of cornfields. For a decade my parents, brother, and I lived with my maternal grandparents, so that my mother could care for her mother who had broken her neck. I witnessed the vulnerabilities of the elderly first hand – scam calls, door-to-door sales, sweepstakes, medical expenses – and it inspired my dedication to public service.

[Read More](#) 

## **Article of the Month: Servicemembers Civil Relief Act: A Primer**

**Stephen John Sovinsky, Assistant Attorney General  
Office of the Attorney General of Virginia, Consumer  
Protection Section**

Servicemembers face a number of unique challenges as consumers. Not only are members of the military and their families, who are often young and financially inexperienced but who have a steady income, frequently the target of deceptive practices and scams, they also may be deployed and move around frequently on short notice, which creates additional hurdles when it comes to monitoring and safeguarding their finances.

[Read More](#) 



# Upcoming Events

## NAAG/NASCO Conference

October 1-3, 2018, Baltimore, MD

The NASCO conference is the only annual event at which state charity regulators and nonprofit organizations and their attorneys and accountants have the opportunity to meet, hear about and discuss issues of interest to this community.

[More Information](#) ➔



## Fall Consumer Protection Conference

October 22-24, 2018, Houston, TX

This year's NAAG Consumer Protection Fall Conference will be held in Houston, Texas at The Westin Galleria Houston on October 22-24, 2018. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Monday, October 22 from 12:00 p.m. until 7:30 p.m., the private and government sector is invited to attend the public portion of the conference. This will include a panel of attorneys general, as well as sessions on the new IRS rules impacting settlement dollars, GDPR and California's privacy laws, the impact of counterfeit goods on consumers and legitimate businesses, and an open discussion of private sector issues. The public agenda will be posted on the NAAG website in the near future.

[More Information](#) ➔

# Federal Consumer Protection News

## Bureau of Consumer Financial Protection:

- A federal judge [cites](#) the Bureau's structure in tossing a suit accusing firm of misleading 9/11 responders.
- The Bureau [highlights](#) a new research report on the geography of credit invisibility.
- The Bureau has [filed](#) a complaint against several entities alleging that they violated the Consumer Financial Protection Act of 2010 by representing to consumers that their pension-advance products were not loans, were not subject to interest rates, and were comparable in cost to, or cheaper than, credit card debt when, in actuality, the pension-advance products were loans, and were subject to interest rates that were substantially higher than credit card interest rates.
- The Bureau [issued](#) an interim final rule updating two model disclosures to reflect changes made to the Fair Credit Reporting Act by recent legislation.
- The Bureau [released](#) its 17th edition of Supervisory Highlights. The report covers Bureau supervision activities generally completed between December 2017 and May 2018, and shares observations in the areas of auto loan servicing, credit card account management, debt collection, mortgage servicing, payday lending, and small business lending.

## Commodity Futures Trading Commission:

- The CFTC [issued](#) an order filing and settling charges against Mizuho Bank, Ltd. for engaging in multiple acts of spoofing in a variety of futures contracts on the Chicago Mercantile Exchange and the Chicago Board of Trade, including futures contracts based on United States Treasury notes and Eurodollars.

- The CFTC [issued](#) an order filing and settling charges against Bank of America, N.A. (Bank of America) for attempted manipulation of the ISDAFIX benchmark and requiring Bank of America to pay a \$30 million civil monetary penalty.
- The CFTC [filed](#) a civil enforcement action in the U.S. District Court for the Southern District of New York against Defendants Royal Metals Group, LLC, and its member, manager, and part owner, Chelsea Glessof Iowa. The CFTC's Complaint charges the defendants with defrauding retail clients in connection with precious metals transactions and fraudulently obtaining more than \$600,000 from those clients.
- Five federal financial regulatory agencies [extended](#) until October 17, 2018, the comment period for a proposed rule to simplify and tailor compliance requirements for the "Volcker rule." The Volcker rule generally restricts banking entities from engaging in proprietary trading and from owning or controlling hedge funds or private equity funds.

## Federal Trade Commission:

- The FTC, working jointly with the United States Department of Justice, is [mailing](#) 1,179,803 refund checks totaling more than \$505 million to people who were deceived by a massive payday lending scheme operated by AMG Services, Inc. and Scott A. Tucker.
- The FTC, for the first time, [charged](#) a marketer and seller of intravenously injected therapy products (iV Cocktails) with making a range of deceptive and unsupported health claims about their ability to treat serious diseases such as cancer, multiple sclerosis, and congestive heart failure.
- The FTC is [mailing](#) more than 430,000 checks totaling more than \$10 million to people who could not access money deposited to their NetSpend reloadable prepaid debit cards. According to an FTC complaint, many NetSpend customers were unable to access their funds, either because NetSpend denied or delayed activation of their card or because NetSpend blocked them from using it.
- In two FTC cases, companies selling hockey pucks and companies selling recreational and outdoor equipment agreed to stop making false "Made in USA" claims. Four related Farmingdale, New York-based companies doing business as Patriot Puck, and their officer, have [agreed](#) to stop making false claims that the hockey pucks they sell are all, or virtually all, made in the United States. Also, two commonly controlled California companies that sell recreational and outdoor equipment have [agreed](#) to stop making false, misleading, and unsupported "Made in USA" claims about their products.
- The FTC has given final approval to a [settlement](#) with mobile phone manufacturer BLU Products, Inc. and its co-owner over allegations that they deceived consumers about the disclosure of their personal information and BLU's data security practices.
- One of the defendants involved in a multimillion-dollar business-coaching scheme has [agreed](#) to settle Federal Trade Commission charges that he helped deceive consumers with false claims that they could earn "six figures" within 90 days.
- The FTC has [approved](#) two applications from Alimentation Couche-Tard Inc., or ACT, to divest eight retail fuel stations in Minnesota and Wisconsin. The Commission approved ACT's application to divest seven stations to Molo Oil Company, which Molo Oil will immediately assign to Twin City Petroleum.
- The operators of a Georgia-based debt collection business that allegedly used false claims and threats to get people to pay debts – including debts they did not owe or that the defendants had no authority to collect – are [banned](#) from the debt collection business and from buying or selling debt, under settlements with the FTC.

## Securities and Exchange Commission:

- The SEC [charged](#) Elon Musk, CEO and Chairman of Silicon Valley-based Tesla Inc., with securities fraud for a series of false and misleading tweets about a potential transaction to take Tesla private.
- The SEC [announced](#) that SG Americas Securities LLC will pay more than \$800,000 to settle charges of improper handling of "pre-released" American Depositary Receipts, predominantly by its predecessor entity.



- The SEC [announced](#) it has obtained a court order halting an ongoing Ponzi-like scheme that raised more than \$345 million from over 230 investors across the U.S. The SEC also obtained an emergency asset freeze and the appointment of a receiver.
- The SEC [announced](#) that SeaWorld Entertainment Inc. and its former CEO have agreed to pay more than \$5 million to settle fraud charges for misleading investors about the impact the documentary film *Blackfish* had on the company's reputation and business.
- The SEC [announced](#) that Convergen Execution Solutions LLC, now known as Cowen Execution Services LLC, will pay \$2.75 million to settle charges that the broker-dealer firm provided the SEC with incomplete and deficient securities trading information known as "blue sheet data."
- The SEC [charged](#) a group of 10 individuals and 10 associated entities for their participation in long-running fraudulent schemes that generated over \$27 million from unlawful stock sales and caused significant harm to retail investors who were left holding virtually worthless stock.
- The SEC [announced](#) it has obtained monetary relief that will fully reimburse retail investors for losses on a leveraged oil-linked exchange-traded note that registered representatives of Syracuse, New York-based broker-dealer and investment adviser Cadaret, Grant & Co. Inc. recommended without a reasonable basis.
- The SEC [charged](#) two brokers for recommending excessive levels of trading that were costly for retail customers but lucrative for the brokers.
- The SEC [charged](#) a Texas-based investment fund and its founder with defrauding investors with false promises of massive returns in cannabis-related businesses. The SEC also issued an [alert](#) to warn retail investors about marijuana-related securities offerings.
- The SEC is [awarding](#) \$39 million to one whistleblower and \$15 million to another whose critical information and continued assistance helped the agency bring an important enforcement action. The \$39 million award is the second-largest award in the history of the SEC's whistleblower program.

## In other federal news:

- United States Attorney General Sessions and other Department of Justice leaders had a productive [dialogue](#) with 14 state attorneys general's offices. The discussion centered on ways the Department and state governments can most effectively safeguard consumers using online digital platforms.
- The Federal Communications Commission [proposed](#) a more than \$37.5 million fine against Affordable Enterprises of Arizona for apparently making millions of illegally-spoofed telemarketing calls that appeared to originate from consumers and other numbers not assigned to the company.
- The United States Department of Justice [announced](#) that a seafood processor plead guilty to selling foreign crab meat falsely labeled as "made in the USA."
- The United States Department of Justice [announced](#) that a federal grand jury indicted two New York corporations and their owners for their alleged scheme to falsely label squid as octopus that was later sold across the country.
- The Federal Reserve Board, the Bureau of Consumer Financial Protection, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency agencies [issued](#) a joint statement explaining the role of supervisory guidance for regulated institutions.

## The Internet Crime Complaint Center (IC3):

- [Posted](#) on its website a PSA titled "Education Technologies: Data Collection and Unsecured Systems Could Pose Risks to Students."
- [Posted](#) on its website a PSA titled "Cyber Actors Increasingly Exploit the Remote Desktop Protocol to Conduct Malicious Activity."
- [Posted](#) on its website a PSA titled "Cybercriminals Utilize Social Engineering Techniques to Obtain Employee Credentials to Conduct Payroll Diversion."

# Attorney General Consumer Protection News and Other Items of Interest:

All 50 states and the District of Columbia have [reached](#) an agreement with ride-sharing company Uber Technologies, Inc. to address the company's one-year delay in reporting a data breach to its affected drivers. Uber will pay a total of \$148 million to the states over its 2016 data breach.

Alabama Attorney General Steve Marshall [announced](#) that an Alabama state court granted a preliminary injunction against a plumbing operation that had conducted dangerous and deceptive practices in several northeast Alabama counties.

Arizona Attorney General Mark Brnovich [took](#) legal action against Purdue Pharma (Purdue), the manufacturer of the prescription opioid painkiller OxyContin. The filing in Arizona state court alleges that Purdue engaged in deceptive and misleading marketing to push opioids, in violation of a prior court order. In other Arizona news, General Brnovich [filed](#) a civil lawsuit against Pearl Bridal and its owners, Erica and Tyson Miltenberger. The complaint alleges that Pearl Bridal and the Miltenbergers used false advertising and deceptive practices to collect hundreds of thousands of dollars in prepayments for wedding dresses, and then abruptly shut down the business and disappeared, leaving over \$275,000 in orders unfilled.

Arkansas Attorney General Leslie Rutledge [warned](#) consumers of alarm systems scams. In other Arkansas news, General Rutledge [advised](#) that consumers should be on alert for persons calling and claiming to be government officials.

The BBB [issued](#) a study showing how fake check scams bait consumers.

Colorado Attorney General Cynthia H. Coffman [filed](#) a lawsuit against Purdue Pharma L.P. and Purdue Pharma, Inc., alleging that the companies' fraudulent and deceptive marketing of prescription opioids played a significant role in causing the opioid epidemic ravaging Colorado and the rest of the nation. In other Colorado news, General Coffman and the AARP Foundation ElderWatch program [alerted](#) Colorado consumers about callers claiming to be with the Social Security Administration.

Delaware Attorney General Matt Denn [announced](#) that the Consumer Protection Unit of the Delaware Department of Justice is pursuing criminal charges against a Sussex County-based contractor accused of defrauding multiple Delaware homeowners.

Florida Attorney General Pam Bondi [offered](#) consumers tips on how to prepare for hurricane season.

Illinois Attorney General Lisa Madigan [urged](#) Illinois public utility companies to inform customers of the expensive price of alternative energy suppliers.

Indiana Attorney General Curtis Hill announced that his office has [filed](#) a lawsuit aimed at stopping the illegal activities of several individuals who conspired through illicit used-car dealerships to defraud several hundred customers.

Kansas Attorney General Derek Schmidt [announced](#) that a Kansas roofer has been temporarily banned by court order from doing business in Kansas while a lawsuit alleging violations of Kansas consumer protection laws is pending.

Maryland Attorney General Brian E. Frosh [announced](#) that his Consumer Protection Division has charged Insys Therapeutics, Inc (Insys) with multiple violations of the Consumer Protection Act and is requesting relief for consumers victimized by Insys' unfair and deceptive trade practices. In other Maryland news General Frosh [announced](#) that his Consumer Protection Division has filed charges against Maryland Speed LLC, an online retailer specializing in the sale of auto parts, for allegedly accepting payment for parts that it failed to provide to its customers, and for refusing to issue refunds to purchasers. Additionally, General Frosh [announced](#) that the Consumer Protection Division's Home Builder Registration Unit revoked the home builder registration of Mid Atlantic Modular, LLC, of Baltimore County, and filed charges against the company and owners Kyle G. Jackson and Scott D. Chilton, for failing to comply with

Maryland's Home Builder Registration Act, Consumer Protection Act, and the Custom Home Protection Act.

Massachusetts Attorney General Maura Healey [announced](#) that Partners HealthCare System Inc. and Massachusetts Eye and Ear Infirmary will pay \$175,000 to settle allegations that they violated Massachusetts' consumer protection law by failing to adequately disclose to patients billing information for certain health care services. In other Massachusetts news, General Healey [announced](#) that UMass Memorial Medical Group Inc. and UMass Memorial Medical Center Inc. will pay a total of \$230,000 to resolve claims that two separate data breaches exposed the personal and health information of more than 15,000 Massachusetts residents.

Mississippi Attorney General Jim Hood [addressed](#) the use of e-cigarettes among teens.

Missouri Attorney General Josh Hawley [filed](#) a petition in the Missouri state court urging the court to enjoin Branson Duck Vehicles, LLC and Ripley Entertainment, Inc. from operating duck boats in Missouri. The attorney general's office alleges violations of the Missouri Merchandising Practices Act and Missouri's principal consumer-protection statute.

New Mexico Attorney General Hector Balderas [sued](#) a group of tech companies for illegally tracking children online. The suit, filed against Google, Twitter, Tiny Lab Productions, MoPub, AerServ, InMobi PTE, AppLovin, and IronSource alleges the apps designed by Tiny Lab Productions and marketed by Google in its Play Store are targeted at children and contain illegal tracking software.

New York Attorney General Barbara D. Underwood [filed](#) a lawsuit against nine student loan debt relief companies for an alleged student loan scam. In other New York news, General Underwood [filed a lawsuit](#) against TicketNetwork, Inc., Eventvest, Inc. d/b/a Ticket Galaxy, and the companies' owner, Donald Vaccaro, for allegedly conducting a massive scheme to trick tens of thousands of unsuspecting fans into buying tickets to concerts, shows, and other live events that the sellers did not actually have. Additionally, General Underwood [announced](#) a lawsuit against AAUCONNECT.COM, LLC, a high school and post-graduate basketball recruiting business and its principals, Chris Bevin and Hazel Ward, for allegedly misleading consumers by misrepresenting their program and its services.

Oregon Attorney General Ellen Rosenblum [sued](#) Purdue Pharma, the maker of the painkiller Oxycontin, for allegedly falsely and deceptively marketing its opioid drug in Oregon.

Pennsylvania Attorney General Josh Shapiro [warns](#) Pennsylvania college and graduate students of common financial scams.

South Dakota Attorney General Marty Jackley [confirmed](#) that his Consumer Protection Division has received a number of complaints regarding extortion attempts targeting consumers and businesses via email.

Vermont Attorney General T.J. Donovan [announced](#) that his office filed a lawsuit against the pharmaceutical company Purdue Pharma. The lawsuit alleges violations of the Vermont Consumer Protection Act and public nuisance law concerning Purdue's marketing and promotion of opioids. Purdue is the manufacturer of Oxycontin.

Washington Attorney General Bob Ferguson [announced](#) that Samsung, a multinational electronics company, will pay \$29 million as part of the Attorney General's price-fixing lawsuit against seven manufacturers of cathode ray tubes, or CRTs, a technology once ubiquitous in television screens and computer monitors. In other Washington news, General Ferguson [filed](#) a lawsuit against several Wenatchee-based collection agencies and their owner for buying millions of dollars of old debt and suing to collect on the debt without being licensed as collection agencies with the state.

West Virginia Attorney General Patrick Morrissey [announced](#) that his office will partner with two community and technical colleges to offer free cybersecurity training to senior citizens. In other West Virginia news, General Morrissey [asked](#) a West Virginia state court judge to shut down a used vehicle dealership until its owner complies with an investigative subpoena. Additionally, General Morrissey [filed](#) suit alleging a West Virginia home improvement contractor accepted payments without a license to perform the requested work and in several instances never began the consumer's project or performed the work in a poor manner.

Wisconsin Attorney General Brad Schimel is [warning](#) citizens about spoof phone calls from people claiming to be police, including the Wisconsin Department of Justice Division of Criminal Investigation.

## Charities

A federal appeals court has [ruled](#) that a public interest law firm and a charitable group co-founded by the Koch brothers have to comply with the California Attorney General's demand for information regarding top charitable donors. Relatedly, the Supreme Court [denied](#) a petition to grant an emergency stay on a ruling that tossed out federal election regulation allowing nonprofit groups to keep donors secret.

The 2018 hurricane season has arrived. The FTC has information to help [consumers prepare for, deal with, and recover](#) from the long-term impacts of a hurricane, as well as information on [giving wisely](#) to help those in need.

Arkansas Attorney General Leslie Rutledge [advised](#) Arkansas residents to research charities when giving to Hurricane Florence victims.

In the wake of widespread damage caused by Hurricane Florence, Maryland Attorney General Brian E. Frosh and Maryland Securities Commissioner Melanie Senter Lubin [cautioned](#) investors to watch out for opportunistic investment or charitable scams.

Michigan Attorney General Bill Schuette announced a [Notice of Intended Action and Cease and Desist Order](#) against National Emergency Medicine Association of Edgewood, Maryland for over 600,000 violations of the Charitable Organizations and Solicitations Act. In other Michigan news, General Schuette [warned](#) Michigan residents to use caution in making charitable donations to Hurricane Florence recovery charities and when considering purchasing used cars in the days and weeks immediately following the storm hitting the eastern seaboard.

North Carolina Attorney General Josh Stein [alerted](#) North Carolinians about charity scammers who misuse donations meant to help victims of Hurricane Florence.

Ohio Attorney General Mike DeWine [offered](#) recommendations to help Ohioans make wise charitable contributions and avoid scams related to the flooding and damage caused by Hurricane Florence.

Virginia Attorney General Mark R. Herring [encouraged](#) Virginians to know their rights as consumers and to be on the lookout for common frauds and schemes that take advantage of people affected by natural disasters.

West Virginia Attorney General Patrick Morrissey [reminds](#) consumers to use caution as they open their wallets to help those impacted by Hurricane Florence.

## Legislation

The California legislature passed [SB 1121](#), which would amend the recently enacted Consumer Privacy Act by extending the date by which the California Attorney General is required to adopt regulations to implement the Act from June 2019 to June 2020. It would also delay enforcement until June 2020 or six months after the regulations are final, whichever comes first, and would remove the requirement that a consumer bring an action notify the California Attorney General.

Digital Guardian has [published](#) a guide to each U.S. state data breach laws.

Maryland Attorney General Brian E. Frosh is [encouraging](#) Maryland residents to take advantage of a new federal law effective September 21, 2018, that gives consumers the right to place a freeze on their credit reports and temporarily or permanently remove the freeze without charge.



Ohio Governor John Kasich signed [SB 220](#) into law, which provides a legal safe harbor for organizations that implement a recognized written cybersecurity program.

## Veterans and Military News

Arkansas Attorney General Leslie Rutledge [announced](#) that she will join forces with the U.S. Library of Congress to encourage Arkansans' participation in the Veterans History Project. The nationwide project is an effort to create an audio and video archive with recordings of firsthand accounts from American wartime veterans.

California Attorney General Xavier Becerra [applauded](#) Governor Brown's signing of Assembly Bill 3212, a measure that will strengthen California's existing consumer protections for service members and military families, including California National Guard soldiers and airmen.

FTC [takes](#) action against operators of copycat military websites.

The United States Department of Justice [announced](#) that Twin Creek Apartments, LLC, owner of an apartment complex in Bellevue, Nebraska, adjacent to the Offutt Air Force Base, has agreed to a settlement to resolve allegations that it violated the Servicemembers Civil Relief Act by imposing lease termination charges against 65 servicemembers who had exercised their federal right to terminate their residential leases.

The United States Department of Justice [announced](#) a settlement with Northwest Trustee Services Inc. of Bellevue, Washington, to resolve a lawsuit alleging that the foreclosure services company violated the Servicemembers Civil Relief Act.

The United States Department of Justice [announced](#) that United Communities, LLC, a private company that manages military housing at Joint Base McGuire-Dix-Lakehurst, has agreed to pay \$62,501.78 to resolve allegations that it violated the Servicemembers Civil Relief Act by imposing early termination charges on 13 servicemembers who had exercised their right to terminate their residential leases upon receipt of qualifying military orders.

Washington Attorney General Bob Ferguson [filed](#) a lawsuit against a Tacoma-based towing company for illegally auctioning off a military service member's vehicle while he was deployed at sea.

## Consumer Protection Trivia

1. What month is designated as "military consumer protection month?"

- a. April
- b. September
- c. July
- d. March

2. What type of scam involves people calling consumers claiming to be associated with well-known companies saying that a consumer's computer is experiencing problems?

- a. Imposter scam
- b. Tech support scam
- c. Grandparents scam
- d. Romance scam



## Scam Alert:

[How to Watch Out for Utility Scams](#)

## Trivia Answers

1. c.) July
2. b.) Tech support scam

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

August 2018



### Consumer Chief of the Month: Jeff Hill, Tennessee

I grew up as a member of a newspaper family in Oak Ridge, Tennessee. My father was the publisher of the local paper, the *Oak Ridger*. My mother is the person in the family with a journalism degree, and, with her considerable skills, she wrote a weekly humor column in the paper—often featuring me. Let me tell you, having all of your friends read about you in a humor column really shapes a person. Oak Ridge was created as part of the Manhattan Project to enrich uranium. So, if my mom's hilarious stories about my oversized band uniform weren't enough to keep me humble, being the only kid in class whose parents did not have a Ph.D. in science did. It's safe to say, I never won a science fair.

[Read More](#) 🔗

### Article of the Month: Network Neutrality and the Restoring Internet Freedom Order Caroline Lannon, NAGTRI Law Clerk (2017 - 2018), National Association of Attorneys General

The internet has transformed significantly since its prototype of ARPANET in the 1960s, and, with that transformation, the role of the internet itself has changed in our daily lives. The internet has become somewhat of a necessity within the past decade; not only is it a form of communication, but it can also act as a research tool, a diary, even a shopping mall. Like the internet, the role of internet service providers (ISPs) has also changed drastically. New legislation enacted this year now gives ISPs greater control over content and distribution.

[Read More](#) 🔗





## Scam Alert:

[Watch out for card skimming at the gas pump.](#)

# Federal Consumer Protection News

## Bureau of Consumer Financial Protection:

- The Bureau [reported](#) that 1-in-5 consumers had telecommunications related collections on their consumer report in the past five years.
- The Bureau [finalized](#) amendments to implement legislation that allows financial institutions that meet certain requirements to be exempt from sending annual privacy notices to their customers.
- The Bureau's Ombudsman's office [released](#) its mid-year update.
- A federal district court in the Western District of Missouri entered an order effectuating a settlement between the [Bureau](#) and Richard Moseley, Sr., Richard Moseley, Jr., and 20 interrelated corporate entities controlled by Moseley, Sr. and Moseley, Jr., in the Bureau's lawsuit regarding the unlawful origination and servicing of short-term, small-dollar online loans to consumers nationwide.

## Commodity Futures Trading Commission:

- The CFTC [wins](#) its trial against a virtual currency fraudster.
- The CFTC unanimously [approved](#) a swap clearing requirement proposed rule that would reduce unnecessary burdens on bank holding companies, savings and loan holding companies, and community development financial institutions.
- The CFTC [announced](#) multiple whistleblower awards totaling more than \$45 million.
- The CFTC [issued](#) an order filing and simultaneously settling charges against Christian Robert Mayer of Eden Prairie, Minnesota, for engaging in a fraudulent trading scheme involving unauthorized trades in cattle, crude oil, and wheat futures contracts.

## Federal Communications Commission:

- Chairman Ajit Pai [announced](#) the appointment of eighteen new members to the FCC's Intergovernmental Advisory Committee (IAC) and named Doug Ducey, Governor of Arizona, Chair of the newly expanded IAC.

## Federal Trade Commission:

- The FTC will begin its [Hearings Initiative](#) with [two full-day sessions](#), co-sponsored with and held at the Georgetown University Law Center, on September 13 and 14, 2018.
- The FTC [returned](#) more than \$14 million to consumers who were deceived by misleading light bulb claims.
- The FTC has [advice](#) for parents on talking to their kids about online safety, protecting their children's personal information, and back-to-school shopping.



- The FTC [approved](#) changes to a video game industry self-regulatory program aimed at ensuring compliance with the Children's Online Privacy Protection Act Rule.
- The FTC is [warning](#) consumers about scammers who impersonate celebrities on social media.
- The FTC and the State of Minnesota have [charged](#) Minnesota-based Sellers Playbook with running a large business opportunity scheme. A federal court temporarily halted the operation pending resolution of the case.
- The FTC will require Spain-based global healthcare company Grifols S.A. to divest blood plasma collection centers in three U.S. cities, among other conditions, as part of [a settlement resolving charges that Grifols' acquisition](#) of Florida-based Biotest US Corporation is anticompetitive and violates federal antitrust law.
- The FTC has [charged a group of four auto dealers](#) operating in Arizona and New Mexico, near the border of the Navajo Nation, with a range of illegal activities, including falsifying consumers' income and down payment information on vehicle financing applications and misrepresenting important financial terms in vehicle advertisements.

## Securities and Exchange Commission:

- The SEC [charged](#) a professional football player and a former investment banker with insider trading in advance of corporate acquisitions facilitated through coded text messages and FaceTime conversations.
- The SEC [announced](#) that Moody's Investors Service Inc., one of the nation's largest credit ratings agencies, has agreed to pay a total of \$16.25 million in penalties to settle charges involving internal control failures and failing to clearly define and consistently apply credit rating symbols. This marks the first time the SEC has filed an enforcement action involving rating symbol deficiencies.
- The SEC Chairman Jay Clayton [announced](#) that an additional investor roundtable to discuss the Commission's recently proposed rules regarding the obligations of financial professionals to investors will be held in Baltimore on the evening of September 20, 2018.
- The SEC [charged](#) five individuals and four companies for unlawfully selling securities of Woodbridge Group of Companies LLC, to retail investors. Woodbridge collapsed into bankruptcy in December 2017 and the SEC previously [charged](#) the company, its owner, and others with operating a massive \$1.2 billion Ponzi scheme.
- The SEC [announced](#) that Citigroup has agreed to pay \$10.5 million in penalties to settle two enforcement actions involving its books and records, internal accounting controls, and trader supervision.
- The SEC [announced](#) that Ameriprise Financial Services Inc. will pay \$4.5 million to settle charges that it failed to safeguard retail investor assets from theft by its representatives.
- The SEC [charged](#) a cloud communications company and two executives with providing misleading quarterly revenue estimates. The company and executives agreed to pay over \$1.9 million in penalties to settle the SEC's charges.
- The SEC [obtained](#) permanent officer-and-director and penny stock bars against the founder of a company who perpetrated a fraudulent initial coin offering to fund oil exploration and drilling in California.

## In other federal news:

- The Department of Justice [announced](#) that six indictments and one criminal complaint were unsealed in federal court in Brooklyn, New York, charging a total of 22 defendants with illegally bringing into the United States millions of dollars of counterfeit luxury goods from China.
- The Department of Justice [announced](#) that Wells Fargo Bank, N.A. and several of its affiliates (Wells Fargo) will pay a civil penalty of \$2.09 billion under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 based on the bank's alleged origination and sale of residential mortgage loans that it knew contained misstated income information and did not meet the quality that Wells Fargo represented.
- IC3 [released](#) a public service announcement titled "Cyber Actors Use Internet of Things Devices as Proxies for Anonymity and Pursuit of Malicious Cyber Activities."

- IC3 [released](#) a public service announcement titled “Extortionist Increasingly Using Recipients’ Personal Information to Intimidate Victims.”
- The Justice Department [announced](#) a \$4.9 billion settlement with The Royal Bank of Scotland Group plc (RBS) resolving federal civil claims that RBS misled investors in the underwriting and issuing of residential mortgage-backed securities between 2005 and 2008.

# Attorney General Consumer Protection News and Other Items of Interest

Twenty nine attorneys general [filed](#) comments with the Federal Trade Commission (FTC) highlighting the significant role state attorneys general play in consumer protection and asking the FTC to include states in the discussion as the agency holds public hearings on “Competition and Consumer Protection in the 21<sup>st</sup> Century.”

T-Mobile [informed](#) its customers that it experienced a data breach.

Alabama Attorney General Steve Marshall [announced](#) that a Calhoun County Circuit Court granted his emergency request for a temporary restraining order to prevent continued harm from a deceptive and dangerous plumbing operation in several northeast Alabama counties. Calhoun County Circuit Judge Brian Howell also ordered that the defendants’ assets be frozen and appointed a receiver to handle financial matters and accept claims from victims.

Arizona Attorney General Mark Brnovich [announced](#) the filing of a consumer fraud lawsuit against Texas-based travel company EB Worldwide, LLC, and its CEO, George Barragan. The lawsuit alleges EB Worldwide charged a group of Cienega High School students more than \$34,000 for a senior class trip to Disneyland and then failed to provide the trip or refund the students’ money. In other Arizona news, General Brnovich [warned](#) consumers that they should beware of false and misleading advertising relating to the “2018 Women EmpoweredUp Conference,” which supposedly will take place in late September at an unspecified location in Phoenix.

Arkansas Attorney General Leslie Rutledge [filed](#) a consumer protection lawsuit against Alert America for alleged violations of the Arkansas Deceptive Trade Practices Act. In other Arkansas news, General Rutledge [announced](#) that Pulaski County Circuit Judge Chris Piazza has found northwest Arkansas auto dealer John Vancuren and his wife Michelle Vancuren and, their companies, Infinity Auto Sales, Inc., Infinity Towing and Recovery, Inc. and Vancurens Auto Sales, Inc., liable for 59 violations of the Arkansas Deceptive Trade Practices Act.

California Attorney General Xavier Becerra [filed](#) criminal charges against Marin County operators Pamela Kelley and Scott Parke for alleged rental property price gouging during last year’s Tubbs Fire.

Florida Attorney General Pam Bondi [filed](#) a legal action against a closed Florida travel agency that still owes consumers nationwide more than \$3 million.

Georgia Attorney General Chris Carr [announced](#) that PHH Mortgage Corporation has entered into a settlement with his office to resolve allegations that it violated Georgia’s Fair Business Practices Act by charging unauthorized fees to Georgia consumers. In other Georgia news, General Carr [warned](#) Georgians of fake phone calls and letters from scammers posing as government officials.

Idaho Attorney General Lawrence Wasden has [released](#) the latest annual report from his office’s Consumer Protection Division. The summary represents a detailed look at the division’s work between July 1, 2017, and June 30, 2018. In other Idaho news, General Wasden [announced](#) a settlement agreement with Gary and Sharon Mueller, owners of Idaho Life, LLC. The Idaho Falls-based company, which published lifestyle magazines, sold advertising space to small businesses in 2016 and 2017. The

settlement requires the Muellers to pay more than \$8,400 in refunds to small businesses that did not receive the ads they purchased.

Indiana Attorney General Curtis Hill [warned](#) Indiana residents of credit card scams.

Iowa Attorney General Tom Miller [announced](#) that a Louisiana company has paid \$14,850 to refund fees paid by owners of Iowa trucking companies, many of whom thought they were responding to a government agency threatening fines.

Kansas Attorney General Derek Schmidt [announced](#) that a group of Nebraska roofing contractors have been banned from doing business in Kansas and ordered to repay two consumers after being found in violation of Kansas consumer protection laws.

Kentucky Attorney General Andy Beshear [warned](#) Kentucky residents of rental scams.

Michigan Attorney General Bill Schuette released a [new consumer alert](#) to warn Michigan business owners of a potential sales tax application scam. In other Michigan news, General Schuette is reminding residents about [consumer education programs](#) offered by the Michigan Attorney General's Office.

Missouri Attorney General Josh Hawley [filed](#) a lawsuit against Joseph Ross, Ashley Dillard, and their companies Rough Country Rustic Furniture, LLC (Rough Country) and Rustic Concealment Solutions, LLC. Rough Country is an online furniture company located in Wright County, Missouri. The Attorney General's lawsuit alleges that the company and its owners used deceptive and unfair business practices in connection with the sale of furniture and home decor.

Nevada Attorney General Adam Paul Laxalt [announced](#) an 11 felony count indictment for mortgage lending fraud and theft. According to the indictment, defendant misled victims into believing their homes could be saved from mortgage foreclosure.

New Hampshire Attorney General Gordon J. MacDonald [announced](#) that a court has found Thomas Lavigne, owner and operator of CrossFit Affirmation, a health club, to be in violation of the Consumer Protection Act. The court found Mr. Lavigne liable for 4 separate violations of the Consumer Protection Act for (1) his failure to register his health club with the Attorney General, (2) his solicitation of health club memberships for a term of more than 1 year, contrary to the Health Club statute, (3) his failure to disclose his membership liability for purposes of bonding to protect prepaid membership dues, and (4) his failure to provide consumers with contracts containing statutorily required consumer protection disclosures and buyer's rights.

New Jersey Attorney General Gurbir S. Grewal and the Division of Consumer Affairs [announced](#) that 29 unlicensed movers have been issued Notices of Violation as a result of "Operation Mother's Attic," a state-led undercover sting operation targeting public movers suspected of operating without licenses.

New Mexico Attorney General Hector Balderas [announced](#) that the Office of the Attorney General's Consumer and Environmental Protection Division filed a lawsuit against Wells Fargo Bank, N.A., for alleged illegal business practices in opening unauthorized accounts in the name of thousands of New Mexicans. In other New Mexico news, General Balderas [issued](#) a scam alert, warning consumers that "storm chasers," or mobile car repairers are showing up on street corners or at New Mexicans' front doors, trying to get consumers to pay for hail damage repair and scamming them out of their money.

New York Attorney General Barbara D. Underwood and Governor Andrew M. Cuomo [announced](#) a lawsuit against Purdue Pharma L.P., Purdue Pharma Inc., and Purdue Frederick Company, Inc. (Purdue). The lawsuit alleges a decades-long and continuing pattern of persistent deceptive and illegal conduct, whereby Purdue misled prescribers and patients about the risks of its opioids, including OxyContin, intentionally understating the risks and overstating the benefits of these powerful and dangerous drugs.

North Carolina Attorney General Josh Stein [filed](#) a suit to hold drug manufacturer Insys Therapeutics, Inc., responsible for its alleged deceptive marketing and sale practices by intervening in two lawsuits accusing Insys of violating the False Claims Act.

North Dakota Attorney General Wayne Stenehjem's Consumer Protection Division [sued](#) a North Dakota building contractor for alleged violations of North Dakota consumer fraud and contractor licensing laws.

Ohio Attorney General Mike DeWine [announced](#) that a Wilmington man has been sentenced to prison and ordered to pay restitution for running a fence scam affecting southwest Ohio consumers. In other Ohio news, General DeWine [announced](#) a consumer protection lawsuit against a home appliance repairman accused of failing to deliver promised services to Cincinnati-area consumers.

Pennsylvania Attorney General Josh Shapiro [encouraged](#) Pennsylvania consumers to sign up for a new text alert system through his Bureau of Consumer Protection to raise their awareness about how to avoid becoming a victim of scams. In other Pennsylvania news, General Shapiro [announced](#) the results of a statewide consumer protection initiative to secure restitution payments to Pennsylvania consumers.

Washington Attorney General Bob Ferguson [announced](#) that a Washington state court issued a preliminary injunction ordering an estate-planning company to immediately halt its deceptive conduct. The lawsuit asserts the Texas-based company operated a "trust mill" scheme targeting hundreds of Washington seniors.

West Virginia Attorney General Patrick Morrisey [issued](#) a warning about a scam in which consumers receive fake checks in the mail and are later required to repay the bank once the check bounces. In other West Virginia news, General Morrisey [announced](#) a settlement valued at nearly \$900,000 to resolve allegations that a leasing company unlawfully repossessed motor vehicles and made misrepresentations regarding credit repair.

Wisconsin Attorney General Brad Schimel [announced](#) the Wisconsin Department of Justice has won a judgment against Atomic Glass and its owner, David Kelly, relating to sales of synthetic cannabinoids, also known as "fake weed," from the Atomic Glass store in Milwaukee.

## Charities

The Department of Justice is [reminding](#) the public to be aware of fraud when natural disasters strike and report it to the National Center for Disaster Fraud.

The FTC [offers](#) tips to consumers on how to donate wisely after a natural disaster.

Massachusetts Attorney General Maura Healey [announced](#) that Hopkinton-based Greyhound Friends Inc., has agreed to institute governance reforms and file reports with the Attorney General's Non-Profit Organizations/Public Charities Division following allegations of financial mismanagement.

New York Attorney General Barbara D. Underwood [announced](#) a settlement with The Arc of Erie County, a Buffalo-based nonprofit that provides services to people with developmental disabilities and their families, after finding that the company exposed clients' sensitive personal information on the internet for years.

Oklahoma Attorney General Mike Hunter [charged](#) a former board president of the Down Syndrome Association of Tulsa for allegedly embezzling money from the organization.

Washington Attorney General Bob Ferguson [filed](#) a lawsuit to shut down six fake nonprofit entities posing as well-known, international organizations created by Ian Richard Hosang, a former stockbroker who has ties to the mafia. The lawsuit alleges that Hosang could be using the nonprofits to cover up illegal activity. In other Washington news, General Ferguson [joined](#) Washington Secretary of Health John Wiesman to announce that more than half a million dollars from the recovered assets of a bankrupt sham charity will fund breast cancer screenings for underinsured women, as donors originally intended.



# Legislation

The [Economic Growth, Regulatory Relief, and Consumer Protection Act](#) provides that consumers will be able to contact each of the three major credit reporting agencies and direct them to place a free freeze on the consumer's credit file under federal law. The law takes effect September 21, 2018.

Massachusetts Attorney General Maura Healey [applauded](#) the signing of a Massachusetts bill, *H. 4866, Prevention and Access to Appropriate Care and Treatment of Addiction* into law that expands tools, treatment, and education to combat the opioid crisis in Massachusetts, and includes a provision proposed by the attorney general's office that prohibits opioid manufacturers from using coupons to market brand-name opioids to Massachusetts patients.

## Veterans and Military News

The federal government [implemented](#) new security clearance guidelines that make it more important than ever for servicemembers to stay on top of their bills and monitor their credit histories.

Arizona Attorney General Mark Brnovich [announced](#) a State Grand Jury indicted Laura Lynn Bell, a former Psychiatric Mental Health Nurse Practitioner, for her alleged involvement in treating Veterans Affairs patients while unlicensed and defrauding multiple insurance companies.

## Consumer Protection Trivia

1. In what year did Congress grant the Federal Trade Commission authority to protect consumers from "unfair and deceptive trade practices?"
  - a) 1953
  - b) 1968
  - c) 1977
  - d) 1938
2. Which President signed the Federal Trade Commission Act into law?
  - a) Woodrow Wilson
  - b) Franklin D. Roosevelt
  - c) Warren G. Harding
  - d) Gerald Ford

## Upcoming Events

### **NAAG/NASCO Conference**

October 1-3, 2018, Baltimore, MD

The NASCO conference is the only annual event at which state charity regulators and nonprofit organizations and their attorneys and accountants have the opportunity to meet, hear about and discuss issues of interest to this community.

[More Information](#) ➤

### Fall Consumer Protection Conference

October 22-24, 2018, Houston, TX

This year's NAAG Consumer Protection Fall Conference will be held in Houston, Texas at The Westin Galleria Houston on October 22-24, 2018. The agenda aims to address pressing and relevant issues specific to your role in consumer protection. On Monday, October 22 from 12:00 p.m. until 7:30 p.m., the private and government sector is invited to attend the public portion of the conference. This will include a panel of attorneys general, as well as sessions on the new IRS rules impacting settlement dollars, GDPR and California's privacy laws, the impact of counterfeit goods on consumers and legitimate businesses, and an open discussion of private sector issues. The public agenda will be posted on the NAAG website in the near future.

[More Information](#) ➤

## Trivia Answers

1. d) 1938
2. a) Woodrow Wilson

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

The National Attorneys General Training & Research Institute, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General

(NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

# Center for Consumer Protection Monthly

July 2018



## Consumer Chief of the Month: Kevin Anderson, North Carolina

Thanks for the opportunity to be Consumer Protection Chief of the Month and to share some information regarding the North Carolina Consumer Protection Division. North Carolina has a rich consumer protection tradition, and I'm proud to have worked in the Division on a wide variety of interesting and important consumer matters in my 20 years in the attorney general's office.

It is a singular pleasure to be working with Attorney General Josh Stein. I have known and worked with him from the time he was North Carolina's Consumer Protection Director.

[Read More](#) ➔

## Article of the Month: Multistate Settlement and Changes to The Fair Credit Reporting Act Provide Growing Consumer Credit Report Protections

Teresa A. Heffernan, Senior  
Assistant Attorney General  
Melissa Szozda Smith, Senior  
Assistant Attorney General  
On Behalf of the Office of the Ohio Attorney General



Credit reporting, long governed by the Fair Credit Reporting Act (FCRA) and various individual state statutes, and more recently addressed through a Multistate Settlement (Settlement) and amendments to FCRA, has become a more consumer-friendly environment, one that values accuracy and allows for easier access to identity fraud prevention tools.

[Read More](#) ➔





## Scam Alert:

[U.S. Army Criminal Investigation Command: Beware of romance scams involving persons claiming to be U.S. Soldiers.](#)

# Federal Consumer Protection News

## Bureau of Consumer Financial Protection:

- The Bureau of Consumer Financial Protection [issued](#) a statement on the implantation of The Economic Growth, Regulatory Relief, and Consumer Protection Act amendments to the Home Mortgage Disclosure Act.
- The Bureau of Consumer Financial Protection announced a [settlement](#) with National Credit Adjusters, LLC, a privately-held company headquartered in Hutchinson, Kansas, and its former CEO and part-owner, Bradley Hochstein.
- The Bureau of Consumer Financial Protection [announced](#) a settlement with Triton Management Group, Inc., a small-dollar lender that operates in Alabama, Mississippi, and South Carolina under several names including “Always Money” and “Quik Pawn Shop.”
- The Bureau of Consumer Financial Protection [filed](#) in federal district court a proposed settlement with TCF National Bank regarding its marketing and sale of overdraft services.

## Commodity Futures Trading Commission:

- The CFTC [filed](#) a civil enforcement action in federal court charging defendant Harris Bruce Landgarten of Old Brookville, New York, with defrauding participants in a commodity pool that he operated, the Tradeanedge Members Fund.
- The CFTC [announced](#) an award of approximately \$30 million to a whistleblower who voluntarily provided key original information that led to a successful enforcement action. The award is the largest award made by the CFTC’s Whistleblower Program to date and is the fifth award made by the program.
- The CFTC issued a [Customer Advisory](#) warning customers to use caution and do extensive research before purchasing virtual coins or tokens, including those that are self-described as “utility coins” or “consumption coins.”
- The CFTC announced that a federal court [ordered](#) an Estonian foreign exchange dealer to pay over \$10 million in sanctions for defrauding U.S. customers.

## Federal Communications Commission:

- The FCC recently published a variety of educational resources targeted towards parents, students, and educators. The materials include: [FCC Fun Activity Booklet](#), [FCC Fun Activity Booklet Single Page Printouts](#), [Schools Out Flyer](#), [Online Gaming Safety Flyer](#), and a [Phishing Flyer](#).

## Federal Trade Commission:

- The FTC and the State of Florida have [charged a Florida man and his company with tricking business owners into buying labor law posters](#) by sending mailers that mimic invoices from a government agency or authority.
- The FTC is [mailing](#) 597 checks totaling more than \$184,000 to people who were allegedly tricked into paying phony debts.
- The FTC is [warning](#) consumers to watch out for vacation rental scams.
- A federal district court has [granted](#) the FTC's request to stop a group of San Diego-based Internet marketers from deceptively advertising free trial offers and not only charging consumers full-price for the trial product, but also enrolling them in expensive, ongoing continuity plans without their knowledge or consent.
- The FTC, working jointly with 12 partner agencies in seven states, [conducted](#) the first compliance sweep of car dealerships since the amended Used Car Rule took effect earlier this year.
- The FTC is [mailing](#) checks totaling \$19,798,233 to drivers for Uber Technologies Inc., as part of a settlement with the Commission over allegations the ride-hailing company exaggerated the yearly and hourly income drivers could make in certain cities and misled prospective drivers about the terms of its vehicle financing options.

## Securities and Exchange Commission:

- The SEC [charged](#) failed Fyre Festival Founder and others in a \$27.4 million offering fraud scheme.
- The SEC [charged](#) Mizuho Securities USA LLC for its failure to safeguard information pertaining to stock buybacks by its issuer customers.
- The SEC [announced](#) that Credit Suisse Group AG will pay approximately \$30 million to resolve SEC charges that it obtained investment banking business in the Asia-Pacific region by corruptly influencing foreign officials in violation of Foreign Corrupt Practices Act.
- The SEC [announced](#) settlements with two former senior executives of ITT Educational Services Inc., which the SEC charged hid its true financial condition from investors.
- The SEC [filed](#) fraud charges against a second defendant in connection with a scheme to manipulate the price of Fitbit securities through false regulatory filings.

## In other federal news:

- IC3 created a public service announcement titled the "[Business E-mail Compromise: The 12 Billion Dollar Scam.](#)"
- Deputy Attorney General Rod Rosenstein [announced](#) the establishment of a new task force on Market Integrity and Consumer Fraud. The task force will provide guidance for the investigation and prosecution of cases involving fraud on the government, the financial markets, and consumers.
- A former CEO of a Tennessee-based telemarketing company has been [sentenced](#) to federal prison for his criminal conduct in marketing and misrepresenting health insurance plans.
- The Department of Justice [announced](#) that Todd & Patty Meech Dairy Farm and its co-owners were enjoined from introducing adulterated meat into interstate commerce.
- The Department of Justice [announced](#) that five individuals have been charged for their roles in three separate elder fraud schemes. The schemes collectively defrauded tens of thousands of Americans, many of whom were elderly, out of at least 100 million dollars.
- The Department of Justice [announced](#) that 24 defendants were sentenced for their roles in a multimillion dollar India-based call center scam targeting U.S. victims.
- The Department of Justice [announced](#) that a Virginia man was sentenced for operating an odometer and title fraud scheme that spanned six years and involved more than 50 vehicles.

# Attorney General Consumer Protection News and Other Items of Interest

Arizona Attorney General Mark Brnovich is [warning](#) Arizonans to be wary of online romance scams after an investigation found Arizona residents tried to wire thousands of dollars overseas. In other Arizona news, General Brnovich [warns](#) Arizonans against travel scams.

Arkansas Attorney General Leslie Rutledge [announced](#) that online sellers Bonanza and eBay have joined Walmart in banning the online sale of unwashed poppy seeds on their websites as a direct response to Attorney General Rutledge's July 13 letter requesting their removal.

The BBB released a [study](#) on the timeshare/vacation club industry.

There are right ways to delete data, as discussed in this [Kennedy-Mighell Report podcast on "How to Delete Data Safely."](#) Dennis Kennedy and Tom Mighell discuss best practices in deleting and destroying data and review what it looks like to effectively get rid of data that is no longer needed.

California Attorney General Xavier Becerra [announced](#) that he will be filing a lawsuit against Navient Corporation (Navient) and its subsidiaries, Pioneer and General Revenue Corporation, for misconduct in the servicing and collection of federal student loans. Navient services approximately \$300 billion in federal and private student loans held by 12 million borrowers. An estimated 1.5 million Navient borrowers live in California.

Equifax agreed to take corrective actions following the company's massive 2017 data breach under a [consent order](#) with eight state banking commissioners. The order includes requirements that Equifax develop a proper risk assessment, submit a list of all planned projects to the multi-state regulatory agencies and submit written progress reports to them on its progress towards complying with each provision of the order.

The European Union has [fined](#) Google \$5.1 billion for using its market dominance to encourage device makers to preinstall its apps and services on Android phones and tablets.

Florida Attorney General Pam Bondi [filed](#) a court action against Harmony International Tours, LLC and its owners, Bradley R. Matheson and Margaret L. Matheson. According to the complaint, Harmony International and its owners offered group travel packages to college, high school, church choir and band groups scheduled to perform in foreign countries and to participate, in some instances, in cultural exchange programs. After receiving payments from the various music groups, the defendants allegedly failed to provide the travel packages and reimburse consumers as promised. In other Florida news, General Bondi [filed](#) a court action against several companies allegedly involved in a student loan debt relief scam.

Georgia Attorney General Chris Carr [issued](#) a warning about sweepstakes scams targeting older Georgians. In other Georgia news, General Carr [announced](#) indictments in two identity fraud cases.

Kansas Attorney General Derek Schmidt [announced](#) that a Kansas roofer has been banned from doing business in Kansas and ordered to repay two consumers after being found in violation of Kansas consumer protection laws.

Illinois Attorney General Lisa Madigan, along with [eight other attorneys general](#), [filed](#) comments urging the Food and Drug Administration to ban flavored tobacco products in e-cigarettes, little cigars, and other non-combustible products.

Iowa Attorney General Tom Miller [warned](#) Iowans affected by recent flood damage to be wary of consumer scams and shady contractors who tend to solicit victims of natural disasters.

Maryland Attorney General Brian E. Frosh announced that his Consumer Protection Division issued a [Final Order](#) finding that Swift Van Lines, LLC, formerly known as Revolution Moving and Storage, LLC,

and its owner, Juan Carlos Martinez, repeatedly violated the Consumer Protection Act and the Maryland Household Goods Movers Act, and requiring them to return money to consumers and pay penalties and costs amounting to at least \$471,445.45.

Massachusetts Attorney General Maura Healey [announced](#) that her office is investigating JUUL Labs, Inc. and other online e-cigarette retailers that sell JUUL and JUUL-compatible products over concerns about the marketing and sale of electronic smoking devices and products to minors.

Michigan Attorney General Bill Schuette [announced](#) his Consumer Protection team has released a new consumer alert on “Smishing.” Smishing is when a scammer sends text messages to consumers appearing to be from a trusted source.

Microsoft [released](#) a white paper entitled “From Policy to Practice: Strengthening Cybersecurity in State Governments.”

Minnesota Attorney General Lori Swanson [filed](#) a lawsuit against Purdue Pharma, L.P., a Connecticut-based pharmaceutical company, seeking to recover money for taxpayers for the increased health care and societal costs incurred as a result of the company’s misrepresentations about the addictive nature and risks of its opioid painkillers.

Mississippi Attorney General Jim Hood [filed](#) a lawsuit against Navient Corporation and its subsidiaries, Navient Solutions, LLC, and Sallie Mae Bank, alleging widespread abuses across all aspects of its student loan business, including misleading borrowers about payment options that resulted in higher monthly payments that many could not afford.

New Mexico Attorney General Hector Balderas [cautioned](#) New Mexico consumers not to submit their banking information over the internet unless consumers have initiated contact with the bank. In other New Mexico news, General Balderas [warned](#) consumers of scammers pretending to be state employees while trying to trick people into handing over their money.

New York Attorney General Barbara D. Underwood [announced](#) a settlement with Adventure Resorts of America, LLC, Adirondack Adventure Resorts of Lake George, Inc., and Saratoga Escape Lodges & RV Resort, Inc., concerning the campgrounds’ misleading marketing and sale of campground memberships. In other New York news, General Underwood [announced](#) a lawsuit against Rochester-based home improvement contracting business operators Alvis Sprague and Sarah Crawford and their company A-S Contracting for deceptive online advertising and failing to perform the services they promised to consumers.

Ohio Attorney General Mike DeWine [announced](#) a consumer protection lawsuit against the operators of Ashley Contractors LLC, a home improvement and construction company accused of failing to deliver promised services to northeast Ohio consumers.

Pennsylvania Attorney General Josh Shapiro [sent](#) a letter demanding answers from Temple University President Richard M. Englert about the University’s business and marketing practices in the wake of recent media reports indicating that the Fox School of Business and Management knowingly provided false data to rankings organizations for several years.

Texas Attorney General Ken Paxton [announced](#) that his Consumer Protection Division finalized settlements with 48 Texas gas stations accused of price gouging during the state of disaster declared for Hurricane Harvey.

Washington Attorney General Bob Ferguson [announced](#) that Facebook signed a legally binding agreement with his office to make significant changes to its advertising platform by removing the ability of third-party advertisers to exclude ethnic and religious minorities, immigrants, LGBTQ individuals, and other protected groups from seeing their ads.

Wyoming Attorney General Peter K. Michael [announced](#) a consumer protection settlement with HuddleHQ and eComHQ Inc., online retailers who sold retro game consoles nationwide.



# Charities

The FTC, along with law enforcement officials and charity regulators from 70 offices in [every state](#), the District of Columbia, American Samoa, Guam, and Puerto Rico, [announced](#) more than 100 actions and a consumer education initiative in “Operation Donate with Honor,” a crackdown on fraudulent charities that con consumers by falsely promising their donations will help veterans and servicemembers. NAAG Charities Committee Co-Chairs, [Connecticut Attorney General George Jepson](#) and [Nebraska Attorney General Doug Peterson](#), participated in “Operation Donate with Honor,” the nationwide crackdown on fraudulent charities that con consumers by falsely promising their donations will help veterans and servicemembers.

Illinois Attorney General Lisa Madigan [filed](#) lawsuits against professional fundraisers based in the Chicago suburbs seeking to ban them from operating in Illinois for alleged numerous violations of the state’s Solicitation for Charity Act.

Michigan Attorney General Bill Schuette [filed a cease and desist order](#) and a notice of intended action to file a civil suit against Opus Bono Sacerdotii for violating Michigan’s Nonprofit Corporation Act and Charitable Solicitations Act.

## Legislation

The International Association of Privacy Professionals (IAPP) issued an [analysis of the new California Consumer Privacy Act](#), finding that more than 500,000 businesses may be subject to the new law. The analysis addresses what data is protected, who must comply, and how to comply.

Mississippi Attorney General Jim Hood is [urging](#) congressional leadership to vote against HR 3299 (Protecting Consumers’ Access to Credit Act of 2017) and HR 4439 (Modernizing Credit Opportunities Act). Per General Hood, the two bills would invalidate a state’s ability to protect consumers from high interest loans and undermine a state’s ability to enforce consumer protection laws.

## Veterans and Military News

Arkansas Attorney General Leslie Rutledge [alerted](#) military servicemembers in Arkansas of the protections provided under the Servicemembers Civil Relief Act and higher education options [available](#) under the Forever GI Bill.

Florida Attorney General Pam Bondi is recognizing Military Consumer Protection Month with [tips](#) for active-duty military, veterans, and their families.

Kentucky Attorney General Andy Beshear is [warning](#) veterans and military families to be on the lookout for the most common veteran-specific scams.

North Carolina Attorney General Josh Stein [writes](#) on protecting servicemembers from bad actors. In other North Carolina news, General Stein released an updated [military consumer guide](#) intended to help military servicemembers and their families as they make consumer decisions and manage finances during active duty and deployments.

The Department of Justice [announced](#) that the owner of Eelon Training Academy (Eelon), a privately owned, non-accredited school purporting to specialize in digital media courses, pled guilty to bribing a public official at the U.S. Department of Veterans Affairs in exchange for the public official’s facilitation of payments to Eelon that were supposed to be dedicated to providing vocational training for military veterans with service-connected disabilities.

The Department of Justice [reached](#) a settlement agreement with WiFi Alliance, a non-profit organization headquartered in Austin, Texas. The settlement resolved the allegations that WiFi Alliance violated the employment rights of a Lieutenant Colonel Charles O'Donnell under the Uniformed Services Employment and Reemployment Rights Act.

The Department of Justice [announced](#) that 3M Company has agreed to pay \$9.1 million to resolve allegations that it knowingly sold the dual-ended Combat Arms Earplugs, Version 2 to the United States military without disclosing defects that hampered the effectiveness of the hearing protection device.

## Consumer Protection Trivia

1. Which U.S. President gave a special message to Congress on protecting consumer interests?
  - a. Richard Nixon
  - b. John F. Kennedy
  - c. Ronald Reagan
  - d. Lyndon Johnson
2. Which federal agency did Congress create during the Great Depression to restore investor confidence in the markets by providing investors and the markets with more reliable information and clear rules of honest dealing?
  - a. Federal Trade Commission
  - b. Commodity Futures Trading Commission
  - c. Securities and Exchange Commission
  - d. Federal Deposit Insurance Corporation

## Upcoming Events

### **NAGTRI Investigations Webinar: Use New Technology and Social Media in Your Cases - Without Having a Degree in Computer Science**

Tuesday, August 14, 2018, 2:00 - 3:00 PM EST

Apps, social media, and other new technologies are a part of everyday life. However, sometimes it may not be clear how to identify, collect, and use information from those technologies in investigations and litigation. In this one hour presentation, you'll learn about the latest technologies people are using, the type of information that you can collect, who you can collect it from, and how you can collect it. You'll also learn about identifying individuals or companies with an online presence who are trying to remain anonymous.

[More Information](#) ➤

### **NAAG/NASCO Conference**

October 1-3, 2018, Baltimore, MD

The NASCO conference is the only annual event at which state charity regulators and nonprofit organizations and their attorneys and accountants have the opportunity to meet, hear about and discuss issues of interest to this community.

[More Information](#) ➤

### **Fall Consumer Protection Conference**

October 22-23, 2018, Houston, TX

Save the date! More information will become available soon.

## Trivia Answers

1. B. John F. Kennedy

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**June 2018**



### **Consumer Chief of the Month: JoAnn Gibbs, Nevada**

It is an honor to be in the company of the consumer chiefs who have previously been featured in this column. I have enjoyed working with and learning from my consumer protection colleagues, many of whom I now also call my friends.

The Nevada Attorney General's Bureau of Consumer Protection, under the direction of the Consumer Advocate, enforces the Nevada Deceptive Trade Practices Act, antitrust matters under the Nevada Unfair Trade Practices Act, and advocates for consumers in utility rate cases.

[Read More](#) ➔

### **Article of the Month: Elder Abuse and Consumer Fraud: Distinctions without Substantive Difference**

Andrew Cederdahl, Assistant Attorney General - Consumer Protection Division,  
Iowa Attorney General's Office

It is wise for assistant attorneys general to become familiar with the dynamics of person-to-person elder financial exploitation because such knowledge can assist efforts to protect elder victims of consumer fraud.

[Read More](#) ➔







## Scam Alert:

[Avoiding World Cup Scams](#)

# Federal Consumer Protection News

## Commodity Futures Trading Commission:

- The CFTC [issued](#) an order filing and settling charges against Société Générale S.A., for attempted manipulation of and false reporting in connection with the London Interbank Offered Rate (LIBOR) for U.S. Dollar, Yen and Euro, and the Euro Interbank Offered Rate (Euribor), certain instances of manipulation of Yen LIBOR, and aiding and abetting traders at another bank in their attempts to manipulate Euribor.
- The CFTC [announced](#) that Judge Alison P. Nathan of the U.S. District Court for the Southern District of New York entered a Consent Order against Defendant Jamal Y. Vance, finding that Vance committed solicitation fraud in connection with off-exchange foreign currency transactions and failed to register with the CFTC as a Commodity Trading Advisor, as required.
- The CFTC [issued](#) an order filing and settling charges against JPMorgan Chase Bank, N.A. (JPMC) for attempted manipulation of the ISDAFIX benchmark and requiring JPMC to pay a \$65 million civil monetary penalty.
- The CFTC [announced](#) that a federal court has ordered Jody Dupont of Anderson, South Carolina, and his company, Open Range Trading LLC, to pay \$192,000 for defrauding customers in connection with offering and selling futures trading system.

## Federal Trade Commission:

- The FTC, jointly with the offices of eight state attorneys general, the New York Division of the U.S. Postal Inspection Service, two U.S. Attorneys' Offices and the Better Business Bureau, [announced](#) the results of Operation Main Street: Stopping Small Business Scams, a law enforcement initiative targeting operations seeking to defraud small businesses, and an education outreach effort to help small businesses protect themselves from fraud.
- The FTC [announced](#) that the agency will hold a series of public hearings on whether broad-based changes in the economy, evolving business practices, new technologies, or international developments might require adjustments to competition and consumer protection enforcement law, enforcement priorities, and policy.
- The FTC [announced](#) that a North Carolina debt collection operation, Lombardo, Daniels & Moss, and its principals, Dion Barron and Charles R. Montgomery III, will be banned from the debt collection business under settlements resolving [Federal Trade Commission charges that they used false threats](#) to get people to pay for debts they did not owe.
- The FTC has [filed](#) a [complaint in federal district court](#) seeking to stop two related operations and their principals who allegedly facilitated billions of illegal robocalls to consumers nationwide, pitching everything from auto warranties to home security systems and supposed debt-relief services.
- The FTC has [charged](#) three individuals and nine businesses with bilking more than \$125 million from thousands of consumers with a fraudulent business education program called MOBE (My Online Business Education). A federal court halted the scheme and froze the defendants' assets at the FTC's request.

## Securities and Exchange Commission:

- The SEC [announced](#) that New York-based investment adviser deVere USA, Inc. has agreed to pay an \$8 million civil penalty related to its failure to disclose conflicts of interest to its retail clients.

- The SEC [announced](#) that Merrill Lynch, Pierce, Fenner & Smith Inc. will pay more than \$15 million to settle charges that its employees misled customers into overpaying for residential mortgage backed securities.
- The SEC [charged](#) Merrill Lynch, Pierce, Fenner & Smith with misleading customers about how it handled their orders. Merrill Lynch agreed to settle the charges, admit wrongdoing, and pay a \$42 million penalty.
- The SEC [announced](#) that Wells Fargo Advisors LLC agreed to settle charges of misconduct in the sale of financial products known as market-linked investments to retail investors.

## In other federal news:

- The CFPB [announced](#) a settlement with Security Group Inc., a South Carolina corporation, and its subsidiaries, Security Finance Corporation of Spartanburg and Professional Financial Services Corp. As described in the consent order, the CFPB found that the Security Group entities violated the Consumer Financial Protection Act by making improper in-person and telephonic collection attempts on consumer installment loans and retail sales installment contracts.
- The FDA [announced](#) that it has warned nine online networks, operating a total of 53 websites, that they must stop illegally marketing potentially dangerous, unapproved, and misbranded versions of opioid medications, including tramadol and oxycodone.
- The Department of Justice [announced](#) it has filed a civil complaint to enjoin a California company from distributing hand sanitizer products that are unapproved drugs.
- The FCC [approved](#) new rules to help protect consumers from the illegal and harmful practices of slamming, which is the unauthorized change of a consumer's preferred telephone company, and cramming, which is the placement of unauthorized charges on a consumer's phone bill.
- The Department of Justice [announced](#) a significant coordinated effort to disrupt business email compromise schemes that are designed to intercept and hijack wire transfers from business and individuals, including many senior citizens.
- The Department of Justice [announced](#) that a federal district court in Mississippi entered a consent decree of permanent injunction against a Mississippi compounding pharmacy to prevent the distribution of adulterated drugs in violation of federal law.
- The Department of Justice [announced](#) that a Montana man has been sentenced to 36 months in prison for designing fraudulent mail solicitations for use in a transnational elder fraud scheme.

# Attorney General Consumer Protection News and Other Items of Interest

*Animal Science Products, Inc. v. Hebei Welcome Pharmaceutical Co.*, 16-220. The Supreme Court unanimously held that, when interpreting foreign law, “[a] federal court should accord respectful consideration to a foreign government’s submission” on the law’s meaning, “but is not bound to accord conclusive effect to the foreign government’s statements.” It therefore reversed a Second Circuit “ruling that federal courts are ‘bound to defer’ to a foreign government’s construction of its own law, whenever that construction is ‘reasonable.’” In this antitrust action alleging that Chinese manufacturers and exporters of Vitamin C agreed to fix prices and restrain supply, the Second Circuit had deferred to China’s Ministry of Commerce’s submission that Chinese law required the defendants to engage in the contested activities.

Arkansas Attorney General Leslie Rutledge [warns](#) Arkansans when purchasing fireworks in anticipation of July 4<sup>th</sup>.

The Better Business Bureau has released a [report](#) on the growing number of scams targeting small businesses.

California Attorney General Xavier Becerra [announced](#) that he issued two cease and desist letters and has filed suit against two businesses that make and sell toddler formula, Nutraceutical Corp. and Graceleigh Inc., due to the discovery of dangerously elevated levels of lead in their toddler formulas. In other news, General Becerra [announced](#) a settlement with Balboa Student Loan Trust that will provide \$67 million in critical debt forgiveness and other much-needed relief for the 34,971 Californians who took out private student loans to attend Corinthian Colleges.

Delaware Attorney General Matt Denn is [alerting](#) residents that a phone scam regarding missed jury duty service is again making its way through Delaware.

District of Columbia Attorney General Karl A. Racine [announced](#) a lawsuit against Xquisite Basements & Kitchens, Inc. and Newton Gaynor, a contractor and its owner-operator, for illegal or incomplete construction projects and cheating employees out of their pay.

Florida Attorney General Pam Bondi [announced](#) that eligible Florida businesses that sent payments to Florida Corporate Filing Services, LLC for certificates of status may now apply for refunds. This settlement fund comes as a result of a consent judgment entered into by the attorney general's office with Florida Corporate Filings Services, LLC providing for up to \$64,000 in consumer restitution. The deadline to request a refund is August 1, 2018.

Georgia Attorney General Chris Carr is [warning](#) consumers about scams in which criminals pose as representatives of vacation travel agencies, title companies, or escrow agents to trick timeshare owners into paying up-front fees for timeshare resales that never happen.

Idaho Attorney General Lawrence Wasden has [announced](#) a consumer protection settlement with Boise clock repairman Steven J. Hernandez. The settlement requires Hernandez to refund consumers' money, return their property, and change his business practices.

Iowa Attorney General Tom Miller [announced](#) that an Iowa home-repair contractor accused of taking money for jobs he never completed must pay \$129,855 and comply with several requirements to continue doing business as part of an agreement with the Iowa Attorney General's Office.

Kansas Attorney General Derek Schmidt [announced](#) that a group of Oklahoma pavers have been permanently banned from doing business in Kansas and ordered to repay more than \$40,000 to Kansas consumers after being found in violation of Kansas consumer protection laws.

Kentucky Attorney General Andy Beshear [issued](#) a Scam Alert to warn Kentuckians of a new phone scam where con artists claim to be federal Social Security Administration agents calling to notify you that your Social Security number has been stolen.

Massachusetts Attorney General Maura Healey [sued](#) Purdue Pharma L.P. and Purdue Pharma Inc., for allegedly misleading prescribers and consumers about the addiction and health risks of their opioids, including OxyContin, to get more people to take these drugs, at higher and more dangerous doses, and for longer periods of time to increase the companies' profits. In other Massachusetts' news, General Healey [announced](#) that Campus Student Funding, a subsidiary of Oregon-based Aequitas Capital Management Inc., has agreed to discharge \$121,000 in private loans and return recent payments from Massachusetts students of Corinthian Colleges Inc., which operated two for-profit schools in Massachusetts under the name Everest Institute.

New Mexico Attorney General Hector Balderas [issued](#) a scam alert urging consumers to beware of scammers impersonating elected officials, particularly in online messages.

New York Attorney General Barbara D. Underwood announced [a \\$100 million settlement with Citibank](#) for fraudulent conduct involving U.S. Dollar LIBOR, which is a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and consumers. The investigation was conducted by a working group of 42 state attorneys general offices, led by New York. In other New York news, General Underwood [announced](#) a joint lawsuit with the FTC to stop the collection and distribution of "phantom debts" that consumers do not actually owe. The complaint alleges that Hylan Asset Management, LLC and its owner Andrew Shaevel, and Worldwide Processing Group, LLC and its owner Frank Ungaro Jr. violated New York state's fair debt collection statute and laws prohibiting deceptive acts and practices, as well as the FTC Act. It also alleges that certain defendants violated the Fair Debt Collection Practices Act. The lawsuit seeks to permanently stop this illegal conduct and to obtain money to provide refunds to consumers.

Ohio Attorney General Mike DeWine [warned](#) consumers to beware of ticket scams when seeking tickets to the NBA Finals, summer concerts, and other in-demand events.

Oklahoma Attorney General Mike Hunter [announced](#) an \$8.5 million settlement has been reached with Volkswagen and related auto manufacturers from the state's lawsuit against the automakers for false and deceptive advertising.

Rhode Island Attorney General Peter F. Kilmartin [announced](#) that the Office of the Attorney General has filed a civil lawsuit against prescription opioid manufacturers and distributors over their alleged campaign of unfairly, deceptively, and fraudulently marketing and promoting opioids in Rhode Island.

Vermont Attorney General T.J. Donovan has [announced](#) a \$6.5 million settlement with Volkswagen and related entities Porsche and Audi. The settlement resolves alleged violations of Vermont's consumer protection laws involving Volkswagen's false advertising claims about so-called "Clean Diesel" cars and the diesel engine emissions scandal.

Washington Attorney General Bob Ferguson [announced](#) that Philips, a multinational electronics company, will pay \$7 million as part of the Attorney General's price-fixing lawsuit against manufacturers of cathode ray tubes, or CRTs, a technology once ubiquitous in television screens and computer monitors.

## Charities

Nebraska Attorney General Doug Peterson [announced](#) the issuance of a report and the filing of a Consent Judgment against Goodwill Industries, Inc. and Goodwill Specialty Services, Inc. (Goodwill Omaha). The Consent Judgment contains a number of remedial actions which Goodwill Omaha will be expected to take to address concerns cited by the Nebraska Attorney General's Office in an investigation revealing that the Goodwill Omaha Board of Trustees failed to provide effective oversight to the organization.

New York Attorney General Barbara D. Underwood [announced](#) the sentencing of Christina Sanford Gordon, who stole more than \$200,000 from Buffalo churches, community organizations, and local businesses by misrepresenting herself as a grant writing expert and successful fundraiser.

Vermont Attorney General T.J. Donovan is [warning](#) that a fake "GoFundMe" campaign purports to raise money for a child with a rare disease using GoFundMe.com. According to the Vermont Bar Association, the phony campaign referenced its organization and requested that VBA members make contributions.

## Legislation

The California Assembly passed [AB 2182](#), which would require the Department of Consumer Affairs to establish a web portal linked to its Consumer Information Center web page containing links to the personal data privacy policies of online platforms, including social media.

Michigan Attorney General Bill Schuette is [reminding](#) Michigan residents that effective June 17<sup>th</sup>, 2018, free credit freezes became available to all Michigan residents, according to a new state law.

## Veterans and Military News

The Department of Justice [announced](#) that it has reached a settlement with Syncom Space Services, LLC, that resolves allegations that the company violated the employment rights of Louisiana Air National Guardsman, Jason Cooper, under the Uniformed Services Employment and Reemployment Rights Act.

Wisconsin Attorney General Brad Schimel [announced](#) that the Wisconsin Department of Justice, in partnership with the Department of Veterans Affairs Great Lakes Health Care System, is now offering a *Dose of Reality* to military veterans and active service members on the dangers of misusing opioid and narcotic pain medications.

## Consumer Protection Trivia

1. Which former Supreme Court Justice was a key drafter of the original Federal Trade Commission Act?
  - A. Louis D. Brandeis
  - B. James Clark McReynolds



C. George Sutherland  
D. Benjamin N. Cardoza

2. What federal consumer protection law was passed four months after Upton Sinclair's novel "The Jungle?"
- A. The Pure Food and Drug Act
  - B. The Federal Food, Drug, and Cosmetic Act
  - C. The Federal Meat Inspection Act
  - D. The Federal Trade Commission Act

\*Trivia answers can be found below Upcoming Events.

## Upcoming Events

### Consumer Protection Northeast Regional Training

July 10-11, 2018, Burlington, VT

The NAGTRI Center for Consumer Protection and the State Center are pleased to announce a series of regional consumer protection meetings for state attorney general staff focusing on consumer protection issues. The purpose of the meetings is to bring staff together in six different regions of the country to discuss and learn about pressing and relevant consumer protection issues specific to each area of the country and provide an opportunity for collaboration and relationship building among the attendees. Registration for this training is now closed.

[More Information](#) ➔

### Opioid Abuse: Consumer Protection and Enforcement Training

July 24-25, 2018, Austin, TX

The Opioid Abuse: Consumer Protection and Enforcement Training is designed to equip the legal staffs of the attorneys general, their investigators, consumer advocates, and allied professionals to provide consumer education and legal protection and enforcement in the area of opioid abuse.

[More Information](#) ➔

### Charities Webinar Series: Avoiding the Ire of the IRS on Federal Form 990

Tuesday, July 31, 2018, 2:00 - 4:00 PM EST

The Form 990 continues to be the most publicly available document organizations publish detailing financial information, operational results, and governance policies. It is used by potential donors, media, regulators, and many others. However, given the length of the document, pinpointing key information and potential red flags can be a daunting task. During this session we will:

- Define key terminology used by the IRS and how the definitions may differ from state law and accounting literature,
- Clarify areas of confusion within the form,
- Discuss what responses within the form are likely triggers for an IRS audit, and
- Identify other red flags.

[More Information](#) ➔

### Consumer Protection Investigations Series: Investigations Using Social Media

August 14, 2018

Save the date! More information will become available soon.

# Trivia Answers

1. Louis D. Brandeis
2. The Pure Food and Drug Act

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**May 2018**



### Consumer Chief of the Month: Sonny Jones, South Carolina

I thank you for the recognition of being selected as May's Consumer Chief of the Month. It is truly an honor to follow the previous Chiefs that were recognized. I joined the Office of the South Carolina Attorney General over 40 years ago and have had the pleasure of working under the leadership of five Attorneys General.

[Read More](#) ➤

### Article of the Month:

#### Spotting Government Assessment Scams

Cindy Franklin, Assistant Attorney General -  
Consumer Protection Unit, Alaska Department  
of Law

Consumer protection attorneys in attorney general offices nationwide face an increasing array of scams and deceptive marketing ploys aimed at separating consumers from their money. One such scam tries to trick consumers by mimicking government assessments. An effective way to fight against such scams is to identify their common elements and then educate the public.

[Read More](#) ➤



### Scam Alert:

A Scam Story: Secret Shopping and Fake [Checks](#)?

## Federal Consumer Protection News

## Commodity Futures Trading Commission:

- The CFTC has [approved](#) a proposed rule to reduce regulatory burdens for U.S. market participants, in order to promote economic growth and job creation, by bringing certain CFTC requirements in line with other U.S. regulators and is seeking public comments on the proposal.
- CFTC Chairman J. Christopher Giancarlo and North American Securities Administrators Association NASAA President Joseph P. Borg [signed](#) a mutual cooperation agreement to establish a closer working relationship between the federal commodity regulator and individual state securities agencies.
- The CFTC [filed](#) a civil enforcement action in the U.S. District Court for the Central District of California, Western Division, charging Defendants Jin Choi of Los Angeles, California, and his companies, Apuro Holdings Ltd. d/b/a ApuroFX and JCI Holdings USA d/b/a JCI Trading Group, LLC, with off-exchange retail foreign currency fraud and failure to register with the CFTC as a Commodity Trading Advisor and Associated Person of a Commodity Trading Advisor, as required.

## Federal Trade Commission:

- The FTC has [given](#) final approval to a [settlement](#) with PayPal, Inc., over allegations that its Venmo peer-to-peer payment service misled consumers about their ability to transfer funds to external bank accounts and control the privacy of their Venmo transactions.
- As part of ongoing efforts to protect youth from the dangers of nicotine and tobacco products, the FTC and the FDA jointly [issued 13 warning letters](#) to manufacturers, distributors, and retailers for selling e-liquids used in e-cigarettes with labeling and/or advertising that resemble kid-friendly food products, such as juice boxes, candies, or cookies, some of them with cartoon-like imagery.
- The FTC has [charged](#) a mortgage relief operation with deceiving distressed homeowners by falsely promising to make their mortgages more affordable and prevent foreclosure. A federal court temporarily halted the scheme and froze the defendants' assets at the FTC's request.
- A New Jersey-based company and its owners have [agreed](#) to settle FTC charges that they used deceptive claims to sell purportedly mosquito-repelling perfume sprays and scented candles.
- The FTC has [charged two Utah individuals and their telemarketing operation](#) with deceptively claiming their business coaching services can help consumers start home-based businesses that earn thousands of dollars a month.

## Securities and Exchange Commission:

- The SEC [announced](#) it has obtained a court order halting an ongoing fraud involving an initial coin offering that raised as much as \$21 million from investors in and outside the U.S.
- The SEC [announced](#) the launch of an additional online search feature that enables investors to research whether the person trying to sell them investments has a judgment or order entered against him or her in an enforcement action. The new tool is intended to assist the public in making informed investment decisions and avoiding financial fraud.
- The SEC [announced](#) settled charges against broker-dealers Chardan Capital Markets LLC and Industrial and Commercial Bank of China Financial Services LLC for failing to report suspicious sales of billions of penny stock shares.

## In other federal news:

- The CFPB [warns](#) consumers to guard their Medicare ID card to avoid fraud.
- The FBI's Internet Crime Complaint Center (IC3) [released](#) the IC3 Annual Report along with state reports.
- The FCC [fined](#) Adrian Abramovich \$120 million for malicious spoofing that was part of his massive robocalling operation aimed at selling timeshares and other travel packages.
- The Department of Justice [announced](#) that a federal grand jury returned an indictment against Christopher Lischewski, the President and Chief Executive Officer of Bumble Bee Foods LLC, for participating in a conspiracy to fix prices for packaged seafood sold in the United States.
- To address youth use of e-cigarettes, the FDA [sent](#) official requests for information to four e-cigarette manufacturers requiring them to submit important documents to better understand the youth appeal of these products.



- The Department of Justice [announced](#) that a federal court issued an order to prevent a California individual from preparing, processing, and distributing adulterated fish or fishery products without first taking required remedial action.

# Attorney General Consumer Protection News and Other Items of Interest

Arizona Attorney General Mark Brnovich [obtained](#) a consent judgment against Compliance Filings Service for allegedly sending government look-alike “Annual Minutes” mailers to Arizona businesses.

Arkansas Attorney General Leslie Rutledge and Treatsie LLC of Little Rock have [reached](#) a settlement to resolve allegations that Treatsie continued to sell and advertise subscriptions for their gourmet candy boxes, but failed to deliver hundreds of the boxes, and, in some cases, delivered the orders months late.

Colorado Attorney General Cynthia H. Coffman [issued](#) a warning to Colorado consumers to be on the lookout for scammers calling, emailing, or texting and claiming to be officials from Medicare.

Florida Attorney General Pam Bondi [filed](#) an action in state court against some of the nation’s largest opioid manufacturers and distributors for their roles in the national opioid crisis.

Georgia Attorney General Chris Carr announced the release of a new resource for Georgians: [The Georgia Consumer Protection Guide for Older Adults](#).

Kansas Attorney General Derek Schmidt [announced](#) that a recent filing by Equifax disclosed additional details relating to its massive 2017 data breach.

Maryland Attorney General Brian E. Frosh [announced](#) that his Consumer Protection Division and the Commissioner of Financial Regulation entered into settlement agreements with Nationstar Mortgage LLC to resolve allegations that it charged homeowners illegal inspection fees. In other Maryland news, General Frosh [announced](#) that his office’s Securities Division has taken an enforcement action as part of an international crackdown on fraudulent Initial Coin Offerings and cryptocurrency-related investment products.

Michigan Attorney General Bill Schuette [cautioned](#) Michigan drivers searching for a new vehicle to be on the lookout for flood damaged cars, trucks, and SUVs.

Mississippi Attorney General Jim Hood [warns](#) about computer scams that could be used to steal consumers’ personal information.

Missouri Attorney General Josh Hawley [obtained](#) a \$372,561.04 judgment on behalf of 54 Missouri consumers who were defrauded by Herbert Miller, Kathleen Miller, and Miller Family Funeral Home. The Attorney General’s investigation revealed that Herbert and Kathleen Miller failed to deposit or retain consumer funds in trust accounts or joint accounts as required by their contracts with consumers.

Nebraska Attorney General Doug Peterson [provides](#) tips on stopping unwanted robocalls.

Nevada Attorney General Adam Paul Laxalt [filed](#) a lawsuit against pharmaceutical company Purdue Pharma L.P. and its affiliates, which manufacture OxyContin and other opioids. The lawsuit alleges that Purdue engaged in deceptive marketing regarding the risks and benefits of prescription opioids, fueling Nevada’s opioid epidemic and leading to the opioid overdose death of Nevadans.

New Jersey Attorney General Gurbir S. Grewal [announced](#) a lawsuit against luxury used auto dealership 21st Century Auto Group, Inc., and its owner Dmitry Zeldin, for allegedly violating consumer protection laws and regulations by engaging in a pattern of deceptive practices that include failing to disclose prior damage to used motor vehicles, continuing to advertise motor vehicles after they had been sold in an

attempt to “bait-and-switch” customers, and failing to honor advertised and negotiated prices of used motor vehicles.

New Mexico Attorney General Hector Balderas [issued](#) a Scam Alert because New Mexicans who use “messenger” services or “apps” to communicate with friends are facing a new criminal hacking scheme.

New York Attorney General Barbara Underwood is [preparing](#) a lawsuit against Purdue Pharma for its alleged deception and reckless disregard for the health and wellbeing of New Yorkers.

North Carolina Attorney General Josh Stein filed a [lawsuit](#) against drug manufacturer Purdue Pharma over its marketing practices for prescription opioids. The lawsuit alleges that Purdue made deceptive and misleading statements to overcome prescribers’ and patients’ concerns and objections.

North Dakota Attorney General Wayne Stenehjem [announced](#) that he has filed a lawsuit against Purdue Pharma, the nation’s leading manufacturer of prescription opioids, for allegedly misrepresenting the risk of addiction from prolonged use of opioids.

Ohio Attorney General Mike DeWine [filed](#) a consumer protection lawsuit against Discovery Tours, a tour company accused of taking money for services it never provided to families and schools across Ohio.

Pennsylvania Attorney General Josh Shapiro [announced](#) restitution for 13 Pennsylvania consumers, including senior citizens, after reaching a settlement with a personal care home that closed unexpectedly and had failed to provide refunds to residents who prepaid for room and board.

Tennessee Attorney General Herbert H. Slatery III, along with a bipartisan group of attorneys general, [sued](#) Purdue Pharma for its alleged unlawful marketing and promotion of Oxycontin and other drugs and its role in causing and prolonging the opioid epidemic in Tennessee.

Texas Attorney General Ken Paxton [announced](#) that his office filed a consumer protection lawsuit against Purdue Pharma for allegedly violating the Texas Deceptive Trade Practices Act involving the company’s prescription opioids, including OxyContin. In other Texas news, General Paxton’s Consumer Protection Division [announced](#) that it secured Assurances of Voluntary Compliance with 37 store owners and wholesale distribution companies to stop selling alleged unlawful and potentially dangerous contact lenses in Texas.

Virginia Attorney General Mark R. Herring [announced](#) that [he has filed a lawsuit against Service Dogs by Warren Retrievers, Inc.](#), a Virginia-based company that sells purported service dogs to consumers nationwide, and its CEO, Charles D. Warren, Jr., for alleged violations of the Virginia Consumer Protection Act and the Virginia Solicitation of Contributions law.

Washington Attorney General Bob Ferguson [filed](#) a consumer protection lawsuit against Kirkland- and Portland-based Real Estate Investment Network, LLC, accusing the company of scamming foreclosed homeowners out of equity in the form of surplus funds from the sale. In other Washington news, General Ferguson [announced](#) that Toshiba Corporation, a multinational conglomerate headquartered in Japan, will pay \$1.3 million as part of the Attorney General’s price-fixing lawsuit against manufacturers of a component used in television and computer screens called cathode ray tube, or CRT.

## Charities

New York Attorney General Barbara Underwood [announced](#) a settlement resolving an investigation into the Richenthal Foundation, a grant-making organization that focuses on funding not-for-profit theater groups. In other New York news, General Underwood [announced](#) a settlement agreement with the Wounded Warriors Foundation of Orange County, Inc., for allegedly illegally collecting thousands of dollars in raffle tickets without ever conducting a raffle.

## Legislation

The Colorado Legislature passed [HB 1128](#) which would require entities maintaining documents that contain personal identifying information to develop a written policy for the destruction or proper disposal

of those documents when no longer needed. It also requires those entities to implement and maintain reasonable security procedures and practices.

Utah Attorney General Sean Reyes [announced](#) that the Utah Consumer Credit Protection Act will make it easier for Utahns to obtain credit report security freezes.

Vermont Attorney General TJ Donovan [applauded](#) Vermont lawmakers for passage of a new law that protects consumers from credit freeze fees, fraudulent acquisition of Vermonters' data, and establishes a registry and security standards for the "data broker" industry. Vermont is the first state in the nation to successfully pass data broker legislation.

## Veterans and Military News

The Department of Justice [announced](#) that it has reached a settlement with the Puerto Rico Police Bureau (PRPB) that resolves allegations that the PRPB violated the employment rights of three Puerto Rico Army National Guard Members under the Uniformed Services Employment and Reemployment Rights Act.

## Upcoming Events

### **NAGTRI Webinar: Bitcoin 101 for Prosecutors and Investigators**

Friday, June 8, 2018: 2:00 - 3:00 PM EST

The webinar is a basic course for prosecutors and investigators who may need to work on asset forfeiture and other cases involving digital currencies. It will have three major sections: 1) Introduction to the Bitcoin Blockchain: its components, funding, how transactions occur, and why it's often used by criminals; 2) Locating Bitcoin: the wallets used to store it and how to locate their use during a search warrant; and 3) Seizing Bitcoin: how law enforcement seizes and forfeits it.

To register, please email Erica Warren at [ewarren@naag.org](mailto:ewarren@naag.org).

### **NAGTRI National Charities 101 Training**

June 20-21, 2018: Cincinnati, OH

This training will provide basic information about charities cases. Participants will receive an introduction into state charities law enforcement, case identification, case building theory, drafting subpoenas and civil investigative demands, how to use form 990 in an investigation, encouraging charitable organization compliance and best practices, charities case resolution, and ethics for charities regulators.

[More information](#) ➤

### **Consumer Protection Northeast Regional Training**

July 10-11, 2018; Burlington, VT

The NAGTRI Center for Consumer Protection and the State Center are pleased to announce a series of regional consumer protection meetings for state attorney general staff focusing on consumer protection issues. The purpose of the meetings is to bring staff together in six different regions of the country to discuss and learn about pressing and relevant consumer protection issues specific to each area of the country and provide an opportunity for collaboration and relationship building among the attendees.

[More Information](#) ➤

### **Opioid Abuse: Consumer Protection and Enforcement Training**

July 24-25, 2018; Austin, TX

The Opioid Abuse: Consumer Protection and Enforcement Training is designed to equip the legal staffs of the attorneys general, their investigators, consumer advocates, and allied professionals to provide consumer education and legal protection and enforcement in the area of opioid abuse.

[More Information](#) ➤

### **Consumer Protection Webinar - Charities**

Tuesday, July 31, 2018: 2:00 - 4:00 PM EST

Save the Date! More information will be available soon.

[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

The **National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)





**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

April 2018



### Consumer Chief of the Month: Nicklas A. Akers, California

I joined the California Department of Justice in 2006 and transferred to the Consumer Law Section in 2012 to serve as the Supervising Deputy Attorney General (SDAG) for our San Francisco office, where I led the section's work on for-profit education, including the Corinthian Colleges case. I was appointed as the Senior Assistant Attorney General in charge of the Consumer Law Section in 2014.

[Read More](#) ➔

### Article of the Month: Dangerous Dating: Hidden Perils of Online Dating Services

Eli Rymland-Kelly, NAGTRI Visiting Fellow  
(Fall 2017), National Association of Attorneys  
General

During the last decade, the online dating industry has grown substantially in both size and competitiveness. As online dating services (ODS) attempt to capture market share, their practices have caught the attention of state and federal law enforcement. Similarly, as more people use ODS, the services face a growingly complicated legal environment in which their actions and their users may cause them to face liability.

[Read More](#) ➔





## Scam Alert:

FTC [asking](#) for access to your computer? It's a scam.

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB [announced](#) a settlement with Wells Fargo Bank, N.A. in a coordinated action with the Office of the Comptroller of the Currency.
- The CFPB [released](#) its semi-annual report highlighting the Bureau's work.
- The CFPB [finalized](#) an amendment to its "Know Before You Owe" mortgage disclosure rule that addresses when mortgage lenders with a valid justification may pass on increased closing costs to consumers and disclose them on a Closing Disclosure. The update is intended to provide greater clarity and certainty to the mortgage industry.
- The CFPB [issued](#) a Request for Information on consumer financial education.
- The CFPB [issued](#) a Request for Information on its handling of consumer complaints and inquiries.

## Commodity Futures Trading Commission:

- The CFTC released [The Truth Behind Binary Options Fraud](#), new videos that give viewers a first-hand look at the tactics shrewd fraudsters use to con investors out of hundreds or even thousands of dollars.
- The CFTC [issued](#) an order filing and settling charges against Anuj C. Singhal, a Dallas, Texas, resident and registered floor broker, for engaging in the disruptive trading practice of "spoofing" (bidding or offering with the intent to cancel bids or offers before execution) through manual trading in the Chicago Mercantile Exchange wheat futures market between at least March and June 2016.

## Federal Communications Commission:

- The FCC reached a [settlement](#) concluding its investigation into whether T-Mobile USA, Inc. violated the Communications Act when it failed to correct ongoing problems with delivery of calls to rural consumers and whether it violated the FCC rule that prohibits providers from inserting false ring tones with respect to hundreds of millions of calls. T-Mobile agreed to pay \$40 million to the U.S. Treasury and entered into a compliance plan to prevent future violations.
- The FCC [adopted](#) new measures to tackle the problem of failed or poor-quality long-distance calls to rural parts of the United States.

## Federal Trade Commission:

- FTC Acting Chairman Maureen K. Ohlhausen released the agency's [2017 Annual Highlights](#) detailing its continued efforts to protect American consumers and promote competition without unnecessarily burdening legitimate businesses.
- The FTC is [mailing](#) 2,116 refund checks totaling more than \$355,000 to people who bought CogniPrin, a deceptively marketed "memory improvement" supplement.
- The FTC staff has [sent](#) warning letters to six major companies that market and sell automobiles, cellular devices, and video gaming systems in the United States. The letters warn that FTC staff has concerns about the companies' statements that consumers must use specified parts or service providers to keep their warranties intact.

- Three marketers who allegedly sold phony debt relief services, including fake loans, have [agreed](#) to be banned from selling debt relief, credit repair, and financial products and services, to be banned from telemarketing, and to turn over assets worth approximately \$35 million dollars, under settlements with the FTC and the State of Florida.
- Uber Technologies, Inc. has [agreed](#) to expand the proposed settlement it reached with the FTC last year over charges that the ride-sharing company deceived consumers about its privacy and data security practices.

## Securities and Exchange Commission:

- The SEC [charged](#) two individuals, the pastor of one of the largest Protestant churches in the country and a self-described financial planner in a scheme to defraud elderly investors by selling them interests in defunct, pre-revolutionary Chinese bonds.
- The SEC has [charged](#) Michael Liberty, the founder of the fintech startup now known as Mozido Inc., with a scheme to trick hundreds of investors into investing in his shell companies instead of Mozido.
- The SEC issued an [Investor Alert](#) warning investors of fraudsters claiming to be SEC employees in an attempt to trick investors into sending money or revealing sensitive account information.
- The SEC [announced](#) that the entity formerly known as Yahoo! Inc. has agreed to pay a \$35 million penalty to settle charges that it misled investors by failing to disclose one of the world's largest data breaches in which hackers stole personal data relating to hundreds of millions of user accounts.

## In other federal news:

- The Department of Justice [announced](#) that a federal court permanently enjoined a Walton, New York, creamery and its owner from manufacturing and distributing adulterated food.
- The Department of Justice [announced](#) that a Chinese citizen plead guilty in Dallas, Texas, to mail fraud and smuggling charges in connection with a scheme to sell mislabeled dietary supplements.
- The Department of Justice's Antitrust Division [issued](#) the 2018 edition of its annual Spring Newsletter on its website.

## Attorney General Consumer Protection News and Other Items of Interest

Arizona Attorney General Mark Brnovich [announced](#) Arizona consumers will receive up to \$130,000 in restitution as part of a settlement with ABC Nissan, an auto dealer in Phoenix.

Arkansas Attorney General Leslie Rutledge [filed](#) a lawsuit against Utah-based Alder Holdings, LLC, Alarm Protection Technology Arkansas LLC, and Alarm Protection Arkansas LLC for alleged violations of the Arkansas Deceptive Trade Practices Act, the Home Solicitation Sales Act, and the Automatic Renewal of Professional Home Security Contracts Prohibition.

The Consumer Protection Unit of the Delaware Department of Justice [warns](#) Delawareans to be careful when looking for a vacation rental. In other Delaware news, General Denn [announced](#) a new online data security breach reporting resource.

Florida Attorney General Pam Bondi [filed](#) a complaint against Carlson Enterprises, LLC, a Jacksonville construction company, for allegedly taking money from Florida consumers for roofing repair work and then failing to fix the roofs.

Georgia Attorney General Chris Carr [announced](#) an \$8.5 million settlement with National Check Resolution, Inc., resolving charges that the debt collection company committed multiple violations of the federal Fair Debt Collection Practices Act and the Georgia Fair Business Practices Act.

Kansas Attorney General Derek Schmidt [announced](#) that a Wichita roofer has been temporarily banned from doing business in Kansas by two court orders while lawsuits alleging violations of consumer protection laws are pending.

Kentucky Attorney General Andy Beshear [filed](#) a lawsuit alleging Johnson & Johnson, and its Janssen Pharmaceuticals Inc. and Ortho-McNeil subsidiaries, devised a deceptive marketing scheme in order to generate higher profits from their opioid drugs Duragesic, Nucynta, and Nucynta ER.

Illinois Attorney General Lisa Madigan [filed](#) a lawsuit against Major Energy Electric Services, an alternative retail electric supplier, for allegedly misleading thousands of Illinois customers about the company's costly electricity contracts using high-pressure sales tactics to push people to enroll without explaining the service or the costs.

Iowa Attorney General Tom Miller has [reached](#) settlements with marketers of deceptive online advertisements and fake news stories featuring Stephen Hawking, Ashton Kutcher, Bill Gates, and other celebrities supposedly promoting "smart pills."

Massachusetts Attorney General Maura Healey [announced](#) that her office has secured \$898,000 from a Florida-based credit union that made loans to more than 200 Massachusetts students to finance expensive and ineffective online study materials and educational services.

Missouri Attorney General Josh Hawley [announced](#) that his office has issued an investigative subpoena to social media giant Facebook Inc. in connection with a new investigation into the company's business practices related to the sharing and tracking of consumers' user data.

Minnesota Attorney General Lori Swanson [filed](#) a lawsuit against AutoAssure, LLC, a Texas company, for allegedly deceptively selling costly and often unnecessary car warranties to nearly 1,000 Minnesotan residents.

New Hampshire Attorney General Gordon J. MacDonald [warns](#) New Hampshire residents that IRS scam calls are on the increase throughout New Hampshire. In the last few days, the Attorney General's Office has received over 90 complaints related to IRS scams.

New Jersey Attorney General Gurbir S. Grewal [announced](#) that Virtua Medical Group, P.A., a network of physicians exclusively affiliated with more than 50 south Jersey medical and surgical practices, has agreed to pay \$417,816 and improve data security practices to settle allegations it failed to properly protect the privacy of more than 1,650 patients whose medical records were made viewable on the internet as a result of a server misconfiguration by a private vendor. In other New Jersey news, General Grewal [announced](#) a \$296,000 settlement with two Monmouth County residents and their companies to resolve allegations they defrauded senior citizens by selling emergency response systems through highly aggressive and misleading telemarketing sales tactics.

New Mexico Attorney General Hector Balderas [announced](#) that he reached a settlement with Visa and MasterCard, the United States' two largest payment card networks, over a lawsuit brought by the New Mexico Office of the Attorney General alleging excessive fees charged during credit and debit card transactions.

New York Attorney General Eric T. Schneiderman [launched](#) the Virtual Markets Integrity Initiative, a fact-finding inquiry into the policies and practices of platforms used by consumers to trade virtual or "crypto" currencies like bitcoin and ether. In other New York news, General Schneiderman [announced](#) a \$550,000 settlement with Liberty Power Holdings, LLC, as part of an ongoing investigation into energy service companies. The investigation uncovered that the company's contractors and subcontractors lured consumers with false promises of savings and then charged them costly early termination fees when they tried to get out of their contracts.

Ohio Attorney General Mike DeWine [filed](#) a consumer protection lawsuit against the man who operated Ohio Restoration Group, a roofing company accused of taking thousands of dollars for work never provided.



Pennsylvania Attorney General Josh Shapiro [alerted](#) consumers to mortgage modification scams taking place across Pennsylvania and announced restitution for consumer victims of Michael Rabel, an attorney who scammed consumers in Western Pennsylvania.

Washington Attorney General Bob Ferguson's [lawsuit](#) against iYogi, which accused the company of using deception and scare tactics to pressure consumers into buying unnecessary tech support services, has resulted in the company essentially shutting down.

West Virginia Attorney General Patrick Morrisey [filed](#) suit against Equifax alleging it ignored warnings to secure its system, failed to safeguard consumer information, and stalled in notifying the public of a data breach that affected 148 million consumers nationwide.

## Charities

North Dakota Attorney General Wayne Stenehjem [confirmed](#) that his office is investigating Minot resident Terpsichore "Tore" Maras-Lindeman, doing business as "A Magic City Christmas," for alleged violations of the consumer fraud laws and charitable solicitation laws. The investigation was initiated in early December 2017 after the consumer protection division received a media inquiry about claims made by Maras-Lindeman in fundraising solicitations for a holiday concert supposedly to benefit charities.

Oklahoma Attorney General Mike Hunter is [urging](#) Oklahomans to use caution and to carefully research charities before making a donation to benefit individuals impacted by the recent wildfires.

The United States [filed](#) a civil complaint seeking to permanently bar Michael L. Meyer, of Southwest Ranches, Florida, from providing federal tax advice for compensation because Meyer allegedly promotes, organizes, and executes a national charitable giving tax scheme that has cost the United States Treasury more than \$35 million. The complaint alleges that Meyer executes his scheme through three bogus charities that he controls. The United States also seeks to disgorge the fees that Meyer received from the scheme.

## Legislation

The ABA House of Delegates approved a [draft uniform law on the regulation of virtual currency businesses](#) drafted by the National Conference on Uniform State Laws. According to the act's prefatory note, it is intended to create a statutory structure for regulating virtual currency business activity. To date, the draft legislation has been introduced in Hawaii and Nebraska.

Alabama Governor Kay Ivey signed into law [SB 318, the Alabama Data Breach Law](#). It requires entities doing business in the state to disclose to consumers if their personal information has been compromised by a data breach.

Arizona Attorney General Mark Brnovich [announced](#) newly signed legislation that strengthens Arizona's data breach consumer protection statute.

A bipartisan group of 19 attorneys general sent a [letter](#) urging Congress to oppose legislation that would strip protections against debt collection attorneys who take unfair advantage of state courts to intimidate, harass, and deceive customers.

## Veterans and Military News

In connection with a scheme involving a truck driving school, California Attorney General Xavier Becerra has [filed](#) a criminal complaint alleging that 38 individuals defrauded the United States Veterans Administration (VA) out of \$4.3 million.

The Department of Justice [announced](#) that the owner of Atius Technology Institute, a privately owned, non-accredited school specializing in information technology courses, pled guilty to bribing a public official at the U.S. Department of Veterans Affairs in exchange for the public official's facilitation of over \$2

million in payments that were supposed to be dedicated to providing vocational training for military veterans with service-connected disabilities.

Maryland Attorney General Brian E. Frosh [announced](#) that the Attorney General's Consumer Protection Division and the Maryland Department of Labor's Office of the Commissioner of Financial Regulation have each filed charges against Scott Alan Kohn, Glorilyn Cusi, and a web of companies owned and operated by Kohn for allegedly making unlicensed and usurious loans, referred to as "pension advances," to retirees and other veterans in Maryland.

## Upcoming Events

### **2018 NAAG Consumer Protection Conference**

May 21-23, 2018: Washington, D.C.

The agenda aims to address pressing and relevant issues specific to your role in consumer protection. Further information, including agenda topics and registration for the public and government is available on our website

[More information and register here](#) ➤

### **NAGTRI National Charities 101 Training**

June 20-21, 2018: Cincinnati, OH

This training will provide basic information about charities cases. Participants will receive an introduction into state charities law enforcement, case identification, case building theory, drafting subpoenas and civil investigative demands, how to use form 990 in an investigation, encouraging charitable organization compliance and best practices, charities case resolution, and ethics for charities regulators.

[Nominations open mid-April](#) ➤

### **Consumer Protection North East Regional Training**

July 10-11, 2018: Burlington, VT

The NAGTRI Center for Consumer Protection and the State Center are pleased to announce a series of regional consumer protection meetings for state attorney general staff focusing on consumer protection issues. The purpose of the meetings is to bring staff together in six different regions of the country to discuss and learn about pressing and relevant consumer protection issues specific to each area of the country and provide an opportunity for collaboration and relationship building among the attendees.

[More Information](#) ➤

### **Opioid Abuse Consumer Protection and Enforcement Training**

July 24-25, 2018: Austin, TX

The Opioid Abuse Consumer Protection and Enforcement Training is designed to equip the legal staffs of the attorneys general, their investigators, consumer advocates, and allied professionals to provide consumer education and legal protection and enforcement in the area of opioid abuse.

[More Information](#) ➤

[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



**NATIONAL ATTORNEYS GENERAL  
TRAINING & RESEARCH INSTITUTE**  
THE TRAINING & RESEARCH ARM OF THE NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**March 2018**



### **Consumer Chief of the Month: Alissa Gardenswartz, Colorado**

I've been in the Colorado Attorney General's Office for eleven years, and became Deputy Attorney General for Consumer Protection in 2015.

I started my legal career in Washington, D.C. at the Federal Trade Commission in the Bureau of Competition, reviewing proposed mergers for possible anticompetitive effects. About four years in I decided to shift gears, and went to a large international law firm to do antitrust regulatory counseling and litigation.

[Read More](#)

**Article of the Month:**  
**Consumers**  
**Helping Consumers: the**  
**Consumer Review Fairness Act**  
Jane Azia, Bureau Chief &  
Christopher L. McCall, Assistant  
Attorney General  
On Behalf of the Office of the New York  
Attorney General



According to the United States Census Bureau, Americans spent almost \$395 billion in online transactions in 2016. Most of these transactions were governed by standard form contracts drafted solely by the online retailer and presented to consumers on a take-it-or-leave-it basis. In recognition of the ubiquity and unique nature of consumer contracts, in 2012, the American Law Institute (ALI) commissioned its first Restatement of the Law of Consumer Contracts, an effort that culminated in a 2017 draft formally designated the Restatement of the Law of Consumer Contracts Preliminary Draft No. 3 (Draft Restatement).

[Read More](#)





## Scam Alert:

Cell Phone "Port-Out" [Scam](#).

# Federal Consumer Protection News

## Consumer Financial Protection Bureau:

- The CFPB [issued](#) a report on the 2017 activities of the Bureau and FTC to combat illegal debt collection practices.
- The CFPB [issued](#) a Request for Information on the Bureau's adopted regulations and new rulemaking authorities. The Bureau is seeking comments and information from interested parties to assist the Bureau in considering whether it should amend any rules it has issued since its creation or issue rules under new rulemaking authority provided by the Dodd-Frank Act.
- The CFPB [issued](#) a Request for Information about the Bureau's public reporting of consumer complaints. The Bureau is seeking comments and information from interested parties on the usefulness of complaint reporting and analysis, as well as specific suggestions or best practices for complaint reporting.
- The CFPB [issued](#) a Request for Information about the Bureau's rulemaking processes. The Bureau is seeking comments and information from interested parties to help assess the overall efficiency and effectiveness of its rulemaking processes.

## Commodity Futures Trading Commission:

- The CFTC [filed](#) a civil enforcement action charging Lon Olen Friedrichsen of Alton, Iowa, with fraud and failing to register with the CFTC as a Commodity Trading Advisor, as required. Friedrichsen, as alleged, also solicited clients under the names of Lon Kummer and Lon Richardson, but did not disclose that these were false names.
- A federal court in New York has [entered](#) a preliminary injunction against Patrick K. McDonnell and his company CabbageTech, Corp. d/b/a Coin Drop Markets in connection with a fraudulent virtual currency scheme.
- A federal court has [ordered](#) a former church pastor and others to pay more than \$8.6 million for a commodity fraud scheme that preyed on a church congregation.

## Federal Trade Commission:

- The FTC has [released](#) its annual summary of complaints reported by consumers.
- The operators of a deceptive and abusive debt collection scheme are [banned](#) from the debt collection business and from buying or selling debt under settlements with the FTC and the New York Attorney General's Office.
- At the request of the FTC, a [federal court has halted the activities of four individuals](#) who allegedly promoted deceptive money-making schemes involving cryptocurrencies. These schemes falsely promised that participants could earn large returns by paying cryptocurrency such as bitcoin or Litecoin to enroll in the schemes.
- The FTC has [filed](#) a complaint and motion for preliminary injunction in federal district court alleging that Alliance Security Inc., a home security installation company, and its founder, directly and through its authorized telemarketers, called millions of consumers whose numbers are on the National Do Not Call Registry. Two of Alliance's authorized telemarketers and their principals also have agreed to settle charges that they made illegal calls on Alliance's behalf.

## Securities and Exchange Commission:

- The SEC [charged](#) a former chief information officer of a U.S. business unit of Equifax with insider trading in advance of the company's September 2017 announcement about a massive data breach that exposed the social security numbers and other personal information of about 148 million U.S. customers.
- The SEC [charged](#) a New York based company with illegally brokering dozens of investments by foreign nationals seeking U.S. residency.
- The SEC [announced](#) that it charged the New York Stock Exchange and two affiliated exchanges with regulatory failures in connection with multiple episodes, including several disruptive market events.
- The SEC [announced](#) charges and a preliminary injunction and asset freeze against Niket Shah, a New Jersey resident, who stole more than \$250,000 in a Ponzi scheme in which his friends and coworkers invested.

## In other federal news:

- The United States [filed](#) a civil enforcement action to stop an Arkansas compounding pharmacy from manufacturing and distributing adulterated drugs.
- The Department of Justice [announced](#) that an individual who ran a multibillion dollar prize promotion scam that targeted elderly victims was sentenced to serve 87 months in prison.
- A federal court [entered](#) a permanent injunction against and imposed a civil penalty on three Utah-based telemarketing companies and their owner. The order permanently enjoins the Utah-based telemarketers from engaging in deceptive and abusive telemarketing practices.
- The United States has [reached](#) an agreement with Barclays Capital, Inc. and several of its affiliates (together, Barclays) to settle a civil action filed in December 2016 in which the United States sought civil penalties for alleged conduct related to Barclays' underwriting and issuance of residential mortgage-backed securities between 2005 and 2007.
- The Department of Justice [announced](#) that a federal court enjoined Riddhi USA Inc., of Ronkonoma, New York, and its owner, Mohd M. Alam, from distributing adulterated and misbranded dietary supplements pending required remedial action.

## Attorney General Consumer Protection News and Other Items of Interest

Arizona Attorney General Brnovich [announced](#) Adobe Carpet Cleaning, LLC is banned from making telemarketing calls for six years after repeatedly calling consumers on the Do Not Call Registry. In a consent judgment reached with the Attorney General's Office, Adobe Carpet Cleaning also agreed to pay the state \$1,000,000 in civil penalties after making illegal telemarketing calls.

Arkansas Attorney General Leslie Rutledge [announced](#) that she has filed a lawsuit against the opioid manufacturers Purdue Pharma, Johnson & Johnson, and Endo on behalf of the State of Arkansas.

Delaware Attorney General Matt Denn [announced](#) that 35 Delawareans victimized by a national debt services provider recently received refunds for fees and costs paid for unlawful debt management services rendered by Cornerstone Credit Services, a Wisconsin company.

Kentucky Attorney General Andy Beshear is [warning](#) of scammers posing as law enforcement officials demanding payment and threatening arrest via text messages.

Louisiana Attorney General Jeff Landry is [reminding](#) consumers how to protect their identities from being compromised in the wake of the Equifax data breach.

Massachusetts Attorney General Maura Healey [announced](#) a settlement with a for-profit online college based in Boston over allegations of failing to make proper disclosures of its programs for prospective students and engaging in excessive recruitment calls. In other Massachusetts news, General Healey [announced](#) that a subprime automobile finance company has agreed to provide \$765,000 in

restitution and loan relief to consumers who purchased cars from two Massachusetts used auto dealers that routinely sold defective and inoperable cars.

Michigan Attorney General Bill Schuette [cautioned](#) Michigan drivers searching for a new vehicle to be on the lookout for flood damaged cars, trucks, and SUVs. In other Michigan news, General Schuette [called](#) attention to best practices to be used by Michigan consumers when protecting themselves from bankrupt retailers. This notice results from the nationwide shutdown of toy store, Toys "R" Us, which has left consumers with questions on current orders and Toys "R" Us gift cards.

Mississippi Attorney General Jim Hood [sent](#) a letter to Facebook, Inc. putting the social media giant on notice to preserve any relevant information for his investigation into the company's user privacy practices in light of recent news about the company providing users' personal information to third parties without users' consent or knowledge.

New Hampshire Attorney General Gordon J. MacDonald has [issued](#) a consumer alert based on reports that scam artists are attempting to contact New Hampshire citizens seeking personal banking information.

Nevada Attorney General Adam Laxalt [advises](#) consumers on illegal debt collection practices. In other Nevada news, General Laxalt [warns](#) against notario scams.

New Mexico Attorney General Hector Balderas [announced](#) he filed a lawsuit against Vivint Solar, Inc. and related companies (Vivint). Attorney General Balderas' lawsuit claims Vivint was engaging in unfair and unconscionable business practices including clouding titles to consumers' homes, fraud, and racketeering in connection with its residential solar power purchase agreements and purchase of solar equipment. In other New Mexico news, General Balderas [issued](#) a scam alert warning New Mexicans to be extra cautious about people pretending to be able to help them with their Facebook data in the wake of the Facebook privacy breach.

New York Attorney General General Eric T. Schneiderman [announced](#) a \$230 million settlement with UBS in connection with the packaging, marketing, sale, and issuance of residential mortgage-backed securities to investors leading up to the financial crisis. In other New York news, General Schneiderman released "[Information Exposed: 2017 Data Breaches in New York State](#)," documenting the record number of data breach notices filed with his office in 2017.

North Dakota Attorney General Wayne Stenehjem [announced](#) that two unlicensed contractors have been banned from doing business in North Dakota after a court found they had violated consumer fraud and licensing laws.

Ohio Attorney General Mike DeWine [filed](#) a consumer protection lawsuit against a contractor accused of taking money for home improvement services he never provided to consumers in central and eastern Ohio. In other Ohio news, General DeWine is [warning](#) consumers to beware of online puppy scams, which cost victims about \$1,000 on average according to dozens of complaints filed with the Attorney General's Office.

Pennsylvania Attorney General Josh Shapiro [filed](#) a lawsuit against Uber Technologies, Inc. for allegedly violating Pennsylvania's data breach notification law.

Virginia Attorney General Mark R. Herring and his Consumer Protection Section are [warning](#) Virginians to be wary of pawnshops that charge illegal interest or fees.

Washington Attorney General Bob Ferguson [filed](#) a consumer protection lawsuit against CLA Estate Services, Inc. and CLA USA, Inc. for allegedly operating a "trust mill" by misleading hundreds of Washington seniors about estate planning, and persuading them to purchase high-commission insurance products.

The National Association of Attorneys General sent a [letter](#) to Facebook Chief Executive Officer Mark Zuckerberg asking him to answer a series of questions about Facebook's user privacy policies and practices following reports that at least 50 million Facebook personal profiles may have been misused.

Twitter is [taking](#) measures to prevent cryptocurrency-related accounts from running scams on its platform.

# Charities

Iowa Attorney General Tom Miller [announced](#) a settlement barring the National Association of Chiefs of Police of Titusville, Florida, and two principals, Barry Shepherd and Brent Shepherd, from continuing to mail donation appeals that are alleged to violate the state's Consumer Fraud Act to Iowans.

Maryland Attorney General Brian E. Frosh [announced](#) a settlement agreement reached with a look-a-like cancer charity based in Maryland that unlawfully used a name similar to the American Cancer Society to collect donations from unsuspecting donors.

Michigan Attorney General Bill Schuette [announced](#) a settlement with Texas-based clothing donation bin operator ATRS. The settlement resolves the Attorney General's lawsuit alleging that ATRS's 251 clothing bins operated for the Michigan Humane Society were deceptively labeled.

Nebraska Attorney General Doug Peterson [announced](#) a [settlement](#) today with United States Amateur Confederation of Rolling Skating (USARS), a Nebraska nonprofit corporation. The settlement results from a complaint that alleged that USARS was reimbursing employees for expenses unrelated to the charitable mission which led to an investigation into USARS's oversight of its charitable assets, policies, and procedures.

New York Attorney General Eric T. Schneiderman [announced](#) the guilty plea of Christina Sanford Gordon, who stole more than \$200,000 from Buffalo churches, community organizations, and local businesses by misrepresenting herself as a grant writing expert and successful fundraiser. In other New York news, General Schneiderman [announced](#) that his office reached a settlement that shuts down Menacola Marketing, Inc., a telemarketing company that solicited on behalf of the National Vietnam Veterans Foundation - a sham charity previously shut down by the Attorney General - and other shell charities that exploited popular causes in order to line fundraisers' pockets.

The Second Circuit upheld a New York state law requiring tax-exempt non-profit organizations to disclose their donors, saying it was unconvinced by conservative advocacy group Citizens United's claims that revealing donors to the attorney general's office breached First Amendment protections because it would scare people away from donations to controversial causes. [Citizens United v. Schneiderman](#).

North Dakota Attorney General Wayne Stenehjem has issued a [cease and desist order](#) against Thomas Burke of Pennsylvania, for violations of the charitable solicitations and consumer fraud laws. Burke allegedly organized "Officers Down 5K" races in North Dakota supposedly to raise funds in support of law enforcement efforts.

# Legislation

Alabama Attorney General Steve Marshall [announced](#) the final passage of the Alabama Data Breach Notification Act. Passage of the consumer protection legislation ensures that Alabama will no longer be the only state without a law requiring entities experiencing a data breach to notify consumers if their personal information has been compromised.

Arizona has [passed](#) a law making it the first state in the nation to enact a groundbreaking regulatory fintech "sandbox." In Arizona's sandbox, startups, entrepreneurs, and even established companies can launch products on a limited, temporary scale to consumers to test innovative products, services, business models, and delivery mechanisms in the real market without incurring the regulatory costs and burdens that would otherwise be imposed. The Arizona Attorney General's Office will administer the sandbox.

A bipartisan group of attorneys general [wrote](#) to Congress expressing concerns with legislation that would preempt state data breach laws that require notice to consumers and state attorneys general of breaches when they occur.

A bipartisan group of attorneys general sent [a letter](#) to Congress urging them to reject legislation that would block states from preventing and combatting fraud and abuse by the student loan industry.



Connecticut Attorney General George Jepsen [gave](#) his support to legislation that would prohibit the country's three credit rating agencies from charging fees to place, temporarily lift, or remove credit security freezes.

Washington Attorney General Bob Ferguson's supported legislation, "The Student Loan Bill of Rights," has [passed](#) the Washington legislature and now heads to Governor Inslee for his signature.

## Veterans and Military News

The Justice Department [filed](#) a lawsuit against California Auto Finance alleging that it violated the Servicemembers Civil Relief Act by repossessing protected servicemembers' motor vehicles without obtaining the necessary orders.

The Department of Justice [filed](#) a lawsuit against WiFi Alliance to enforce the employment rights of a United States Army Reservist under the Uniformed Services Employment and Reemployment Rights Act.

Virginia Attorney General Mark R. Herring has [filed a lawsuit](#) against Future Income Payments, LLC; FIP, LLC; and their owner, Scott Kohn for allegedly making illegal loans targeted toward veterans that carry annual interest rates as high as 183%, and for lending practices that violated the Virginia Consumer Protection Act.

## Upcoming Events

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the CFPB**

Tuesday, April 17, 2018: 2:00- 3:00 PM EST  
The webinar will provide an overview of the student loan market, the student loan repayment system, and the policy changes over the past decade.

[To register, please email Erica Warren](#) ➤

### **NAGTRI National Anatomy of a Complex Consumer Protection Case Training**

April 24-27, 2018: Kansas City, MO  
This course focuses on complex consumer protection investigations and enforcement actions. Participants will learn to identify and overcome the challenges that such cases present, from initial intake to final resolution.

[More Information](#) ➤

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the USPTO**

Tuesday, May 1, 2018: 2:00- 3:00 PM EST  
The webinar will provide an overview of various intellectual property laws as encountered by members of the attorney general community.

[To register, please email Erica Warren](#) ➤

### **2018 Consumer Protection Spring Conference**

May 21-23, 2018: Washington, D.C.

The agenda aims to address pressing and relevant issues specific to your role in consumer protection. Further information, including agenda topics and registration for the public and government is available on our website.

[More information and register here](#) ➤

### **NAGTRI National Charities Training**

June 20-21, 2018: Cincinnati, OH  
Topics to be announced.

[Nominations open mid-April](#) ➤

### **Opioid Abuse Consumer Protection and Enforcement Training**

July 24-25, 2018; Austin, TX

The Opioid Abuse Consumer Protection and Enforcement Training is designed to equip the legal staffs of the attorneys general, their investigators, consumer advocates, and allied professionals to provide consumer education and legal protection and enforcement in the area of opioid abuse.

[More Information](#) ➤

[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

The **National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**February 2018**



### **Consumer Chief of the Month: Bridgette Wiggins, Mississippi**

I consider it a tremendous honor to serve as February's Consumer Chief of the Month. I first joined the Mississippi Attorney General's Office in September 1996, after working in private practice for three years with a Jackson law firm that focused primarily on plaintiff's work. I was hired by former Attorney General Mike Moore and twenty-one years later, it is my pleasure to serve under the leadership of Attorney General Jim Hood.

[Read More](#)

### **Article of the Month: Consumers Helping Consumers: the Consumer Review Fairness Act**

Steven Gard, Senior Assistant Attorney General,  
Office of the Attorney General of Florida

When I was a young man, my father told me "don't get mad- get even." With the enactment of the Consumer Review Fairness Act, Congress provided consumers with a powerful tool to redress the harm caused them by unfair and deceptive practices in the business marketplace. According to the FTC, the Consumer Review Fairness Act ("CRFA") "protects consumers' ability to share their honest opinions about a business's products, services, or conduct, in any forum, including social media."



[Read More](#)



### **Scam Alert:**

[IRS Impersonation](#): It's tax season! How to know if it's really the IRS calling or knocking on your door?

## Consumer Financial Protection Bureau:

- The CFPB [released](#) its five-year [Strategic Plan](#) that establishes its mission, strategic goals, and strategic objectives.
- The CFPB [issued](#) a request for information about the CFPB's enforcement processes. The CFPB is seeking information to help assess the overall efficiency and effectiveness of its processes related to the enforcement of federal consumer financial law.
- The CFPB has [information](#) for borrowers with severe disabilities and student debt.

## Commodity Futures Trading Commission:

- The CFTC has created educational brochures on [virtual currencies](#) and on the [basics of bitcoins](#).
- The CFTC has issued a customer [advisory](#) that warns individuals to beware of virtual currency pump and dump schemes.
- The CFTC [orders](#) AMP Global Clearing LLC to pay \$100,000 for supervision failures related to cybersecurity of its customers' records and information.

## Federal Communications Commission:

- The FCC is seeking applicants to participate in its Intergovernmental Advisory Committee. Applications are due by March 12. More information can be found [here](#).

## Federal Trade Commission:

- A unanimous en banc [decision](#) of the United States Court of Appeals for the Ninth Circuit ruled in the FTC's favor on a key issue involving the agency's jurisdiction as it relates to common carriers.
- The FTC is [warning](#) consumers about online dating scams.
- The FTC has [charged](#) a student loan debt relief operation with bilking more than \$28 million from thousands of consumers throughout the country by falsely promising that consumers' monthly payments would go towards paying off their student loans.
- The FTC has [reached](#) a settlement with PayPal, Inc. over allegations that the company told users of its Venmo peer-to-peer payment service that money credited to their Venmo balances could be transferred to external bank accounts without adequately disclosing that the transactions were still subject to review and that funds could be frozen or removed.

## Securities and Exchange Commission:

- The SEC's Office of Compliance Inspections and Examinations (OCIE) [announced](#) its 2018 examination priorities. OCIE publishes its exam priorities annually to improve compliance, prevent fraud, monitor risk, and inform policy. Of particular interest this year will be matters involving critical market infrastructure, duties to retail investors, and developments in cryptocurrency, initial coin offerings, and secondary market trading.
- The SEC [announced](#) that the Miami-based businessman behind an alleged scheme involving investments in a Vermont-based ski resort has agreed to pay back more than \$81 million of investor money that he used illegally.

## In other federal news:

- The Justice Department [announced](#) the largest coordinated sweep of elder fraud cases in history.
- Two individuals have been [found](#) guilty for their roles in a \$10 million telemarketing scheme that defrauded primarily elderly victims in the United States from call centers in Costa Rica.
- Michaels Stores Inc. and Michaels Stores Procurement Co. Inc. (Michaels) [agreed](#) to enter into a consent decree and pay \$1.5 million, the Justice Department announced. The decree resolves allegations that Michaels failed timely to report to the Consumer Product Safety Commission information regarding a large glass vase that injured consumers between 2007 and 2009.
- Two Russian nationals were [sentenced](#) to federal prison for data breach conspiracy.



- An Arkansas man was [sentenced](#) to 33 months in prison for aiding and abetting computer intrusions by selling malicious software, or "malware," to individuals who used the malware to steal sensitive information, surreptitiously activate webcams, and conduct other illegal intrusions.

# Attorney General Consumer Protection News and Other Items of Interest

Alabama Attorney General Steve Marshall [announced](#) that the State of Alabama has filed suit against Purdue Pharma, L.P., Purdue Frederick Company Inc., and Rhodes Pharmaceuticals, L.P. (collectively Purdue), the manufacturers and sellers of prescription opioid pain medications, including the brand name drugs OxyContin, MS Contin, Dilaudid/Dilaudid HP, Butrans, Hysingla ER, and Targiniq ER, as well as generic opioids. Alabama's complaint asserts that Purdue violated Alabama's Deceptive Trade Practices Act in the marketing and sale of opioid drugs and, in so doing, jeopardized the public health, welfare, and safety of Alabama residents.

Arizona Attorney General Mark Brnovich [announced](#) a \$1.85 million verdict in a consumer fraud lawsuit filed against Dennis N. Saban and his companies, Phoenix Car Rental and Saban's Rent-A-Car. After a 5-week trial, a judge found Saban and his car rental companies must pay \$1.85 million for violating the Arizona Consumer Fraud Act by charging unlawful fees during car rental transactions from 2009 to 2016.

The Better Business Bureau has [issued](#) a report on online romance scams.

Florida Attorney General Pam Bondi [announced](#) that more than 300 Floridians affected by a tech support scam will receive refund checks.

Idaho Attorney General Lawrence Wasden [announced](#) a settlement with TK Holdings, Inc., the U.S. subsidiary of Japanese airbag maker Takata, over allegations the company concealed safety issues related to its airbag systems. The settlement was reached between the company and attorneys general of 44 states and the District of Columbia. It concludes a multistate investigation into TK Holdings' failure to disclose known safety defects associated with certain airbag inflators.

In related news, TK Holdings Inc. (Takata) is one of the world's largest manufacturers of automotive safety systems including air bags. Reports of driver and passenger injuries from defective deployment of Takata's airbags prompted federal regulators to investigate and ultimately initiate vehicle recalls. Hawaii, New Mexico, and the United States Virgin Islands filed actions against Takata alleging the company engaged in unfair or deceptive acts by making false or misleading statements about the safety of Takata's airbags. After Takata filed for bankruptcy, the court was asked to determine whether each state's claims for restitution for its citizens and for penalties were dischargeable. While normally all claims against a reorganizing corporation are discharged (i.e., payable only under the terms of its plan), a 2005 amendment to the Bankruptcy Code excepted debts owed to a governmental unit arising from fraudulent conduct. The court [agreed](#) with the states that, under state law, the claims were owed to the government even if they were suing for restitution for their citizens. It also found, however, that the fraud was not directed at the government itself so it could not have relied on any fraudulent statements that were made or suffered any damages itself thereby. In essence, the court held that, although the government could sue for its citizens, it could only recover for damages it suffered itself. Accordingly, it found that the debts were dischargeable. The states are appealing the decision.

Illinois Attorney General Lisa Madigan [alerted](#) Illinois residents to a scam using her office and name and the prospect of free money in an attempt to solicit personal information from people.

Kansas Attorney General Derek Schmidt [announced](#) that 3 Kansas auto dealerships have been fined for violating the Kansas Consumer Protection Act by using prize-notification mailings that did not comply with Kansas law.

Maine Attorney General Janet T. Mills [announced](#) that the Federal Trade Commission and the Maine Attorney General's Office have agreed to settle their case against Minnesota-based Marketing Architects, Inc., for its role in promoting weight loss supplements "AF Plus" and "Final Trim."

Massachusetts Attorney General Maura Healey [launched](#) a new Data Breach Reporting Online Portal, which businesses and organizations can use to provide notice to the attorney general's office as required by the Massachusetts Data Breach Notification Law.

Michigan Attorney General Bill Schuette [told](#) an Oakland County snow-plowing operation, Five Star Landscaping and Snow Removal, to immediately cease violating Michigan's Consumer Protection Act. Five Star Landscaping is allegedly failing to provide services for which it has collected payment, and is refusing refunds to consumers who experience poor or non-existent service.

Missouri Attorney General Hawley and the FTC seek to [shut down](#) an international direct mail operation that allegedly falsely represented consumers had won, or were likely to win, a substantial cash prize in exchange for paying a series of fees.

New York Attorney General Eric T. Schneiderman [announced](#) that his office has filed a lawsuit against Insys Therapeutics, Inc. (Insys), a company that sells a fentanyl drug called Subsys. Although Subsys was approved by the Food and Drug Administration to treat cancer-related breakthrough pain, the complaint alleges that Insys recklessly marketed the drug for much wider use, covering a much broader set of patients.

Ohio Attorney General Mike DeWine [warned](#) consumers to beware of online romance scams, which have been reported by several Ohioans in recent weeks.

South Dakota Attorney General Marty Jackley is [warning](#) consumers of sweepstakes and wire transfer scams.

Virginia Attorney General Mark R. Herring [announced](#) that more than \$2.7 million in relief will be provided to Virginia consumers who took out loans with Internet lender MoneyLion of Virginia LLC-an affiliate of New York based Internet lender MoneyLion, Inc. General Herring's settlement with MoneyLion will provide refunds and debt forgiveness to 3,800 consumers as a result of the company's alleged violations of the Virginia Consumer Protection Act.

Washington Attorney General Bob Ferguson [announced](#) that two Massachusetts-based ticket-buying companies will pay Washington state \$60,000 for using "ticket bot" software, a violation of Washington's Ticket Sellers Act.

## Legislation

Alabama Attorney General Steve Marshall supports the [introduction](#) of the Alabama Data Breach Notification Act in the Alabama Legislature this session.

Oregon Attorney General Ellen Rosenblum [urges](#) the Oregon legislature to support better data privacy protections by passing a bill that would strengthen Oregon's data breach laws.

Legislation affecting servicemembers supported by Washington Attorney General Bob Ferguson [passed](#) the legislature and will now head to Governor Inslee for his signature. The legislation allows Washington servicemembers called to active duty to cancel or suspend service contracts for gym memberships, internet services, subscription television services, telecommunications services and satellite radio services, without fear of penalty or fee. The legislation also allows the reinstatement of the contract under previous or generally favorable terms.

## Veterans and Military News

The American Bar Association has provided an [update](#) on its Veterans Legal Services Initiative.

The FTC's Bureau of Consumer Protection [issued](#) a paper that examines financial issues that can affect military consumers.

Iowa Attorney General Tom Miller Monday [filed](#) a consumer fraud [lawsuit](#) against a Chickasaw County business and its owner, alleging they deceptively claimed authority to provide paid veterans' benefits assistance.

The Justice Department [announced](#) that BMW Financial Services, N.A. has agreed to pay over \$2 million to resolve allegations that it violated the Servicemembers Civil Relief Act by failing to refund a type of up-front lease payment to 492 servicemembers who lawfully terminated their motor vehicle leases early.

Washington Attorney General Bob Ferguson [announced](#) the completion of a sweep to crack down on illegal housing discrimination against veterans with disabilities, resulting in enforcement action against eight companies across the state.

Congress has [passed](#) the [Veterans Care Financial Protection Act](#) (VCFPA). The bill now heads to the President for his signature. The VCFPA seeks to crack down on scam artists who are diverting federal funds from the Veterans Affairs Aid and Attendance program intended to support low-income and older veterans who require assisted care.

## Upcoming Events

### **Charities Webinar Series: Attorney General Enforcement Actions: Finding Significant Problems and Addressing Them**

Wednesday, March 7, 2018: 2:00- 3:30 PM EST

Participants will learn how to leverage limited resources for more effective enforcement.

Presenters will walk through case studies of actions that have made a difference.

[To register, please email Elizabeth Tyler](#) ➡

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the VA**

Tuesday, March 13, 2018: 2:00- 3:00 PM EST

This webinar offers a general overview of the Department of Veterans Affairs (VA) accreditation program, with a particular focus on companies that scam Veterans by engaging in unlawful activity related to representation on VA benefits claims.

[To register, please email Elizabeth Tyler](#) ➡

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the CFPB**

Tuesday, April 10, 2018: 2:00- 3:00 PM EST

Topics to be announced.

[To register, please email Elizabeth Tyler](#) ➡

### **NAGTRI National Anatomy of a Complex Consumer Protection Case Training**

[April 24-27, 2018: Kansas City, MO](#)

This course focuses on complex consumer protection investigations and enforcement actions. Participants will learn to identify and overcome the challenges that such cases present, from initial intake to final resolution.

[Nominations Close March 5](#) ➡

### **2018 Consumer Protection Spring Conference**

May 21-23, 2018: Washington, D.C.

Save the Date! Scholarship nominations will open mid-March.

[Registration coming soon](#) ➡

### **NAGTRI National Charities Training**

[June 20-21, 2018: Cincinnati, OH](#)

Topics to be announced.

[Nominations open mid-April](#) ➡

[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary

bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out | Unsubscribe](#)





**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**January 2018**



### **Consumer Chief of the Month: Brett T. DeLange, Idaho**

Recently, I turned 60, and, in looking back on my 27 years as a deputy attorney general in the Consumer Protection Division of the Idaho Attorney General's Office, I can recall many challenges and rewards. I came to the Boise-based office in August 1990 after earning my law degree from the University of Washington School of Law in 1984, clerking for two years with the Idaho Supreme Court, and working (i.e., billing) four years in private practice.

[Read More](#) ➤

### **Article of the Month: Predatory Practices and VA Claims Representation**

**Lara Eilhardt, U.S. Department of Veterans  
Affairs Office of General Counsel**

Did you know that only individuals and organizations accredited by the Department of Veterans Affairs (VA) may assist Veterans and their families with VA benefits claims? Did you also know that there are statutory restrictions on when fees can be charged for claims representation?

The VA believes that all Veterans and their families deserve qualified, competent representation on their VA benefits claims. Sadly, each year we receive numerous complaints about questionable conduct relating to claims preparation, and too often the conduct that is being complained about is outside the scope of the VA's enforcement authority over accreditation.



[Read More](#) ➤



### **Scam Alert:**

Do Not Call registrations do not expire. Beware of [emails](#) indicating otherwise.

# Federal Consumer Protection News

In Consumer Financial Protection Bureau news:

- The United States Court of Appeals for the District of Columbia Circuit [upheld](#) the structure of the CFPB.
- The CFPB [announced](#) that it is issuing a call for evidence to ensure the Bureau is fulfilling its proper and appropriate functions to protect consumers.
- The CFPB [intends](#) to engage in a rulemaking process so that the Bureau may reconsider its Payday Rule.

In Commodity Futures Trading Commission news:

- The CFTC [announced](#), in conjunction with the Department of Justice and Federal Bureau of Investigation's Criminal Investigative Division, criminal and civil enforcement actions against three banks and six individuals involved in commodities fraud and spoofing schemes.
- The CFTC [announced](#) the filing of a federal court enforcement action under seal on January 16, 2018, charging commodity fraud and misappropriation related to the ongoing solicitation of customers for a virtual currency known as My Big Coin.

In Federal Trade Commission news:

- Electronic toy manufacturer VTech Electronics Limited and its U.S. subsidiary have [agreed](#) to [settle](#) charges by the FTC that the company violated a U.S. children's privacy law by collecting personal information from children without providing direct notice and obtaining their parents' consent and failing to take reasonable steps to secure the data it collected.
- CellMark Biopharma, LLC and its CEO have [agreed](#) to [settle](#) FTC charges that they made false or unsupported claims regarding two health products they marketed as effective treatments for cancer patients' malnutrition and "chemo fog," or treatment-related cognitive dysfunction.
- The FTC has [released](#) a report on 2017 consumer protection actions and policy initiatives.

In Securities and Exchange Commission news:

- The SEC [obtained](#) a court order halting an allegedly fraudulent initial coin offering that targeted retail investors to fund what it claimed to be the world's first "decentralized bank."
- The SEC has [invited](#) regulated entities to voluntarily submit self-assessments of diversity policies and practices.

The United States Justice Department [announced](#) that BNP Paribas plead guilty to participating in a price-fixing conspiracy in the foreign currency exchange market.

The U.S. Secret Service has [issued](#) an alert on ransomware.

## Attorney General Consumer Protection News and Other Items of Interest

Arizona Attorney General Mark Brnovich [filed](#) an Arizona consumer fraud lawsuit against INT Sourcing LLC, Premiere Office Supplies LLC, and their owner James R. Deremiah. The defendants are accused of sending fake toner cartridge invoices to churches, schools, and businesses to trick businesses into paying the fake invoice as a routine business matter.

Arkansas Attorney General Leslie Rutledge is offering [tips](#) to consumers who are considering refund application loans and refund anticipation checks during tax season.

Colorado Attorney General Cynthia H. Coffman [announced](#) that her office has settled a lawsuit against two lenders who charged predatory interest rates to Colorado consumers.

Idaho Attorney General Lawrence Wasden is [warning](#) Idahoans of a consumer scam involving the use of his name and office.

Illinois Attorney General Lisa Madigan [announced](#) that a new law in Illinois will better protect consumers buying used cars. In other Illinois news, General Madigan [announced](#) that Illinois consumers will soon begin receiving payments from an approximately \$190 million settlement with manufacturers of liquid crystal displays.

Iowa Attorney General Tom Miller, along with attorneys general from 48 states plus the District of Columbia, and more than 40 state mortgage regulators, has [reached](#) a \$45 million settlement with New Jersey-based mortgage lender and servicer PHH Mortgage Corporation.

Kansas Attorney General Derek Schmidt said a roofing contractor has been temporarily [prohibited](#) from doing roofing business in Kansas while a state lawsuit alleging violations of consumer protection laws is pending.

Kentucky Attorney General Andy Beshear [filed suit](#) against a national opioid distributor for allegedly violating state law. General Beshear is suing San Francisco-based McKesson Corporation over unfair, misleading, and deceptive business practices for excessively distributing opioids and for failing to report the large volume of these drugs to state and federal authorities.

Massachusetts Attorney General Maura Healey has [settled](#) with national mortgage servicer, Nationstar Mortgage LLC, over its alleged failure to help homeowners avoid foreclosure.

After a rise in consumer complaints against health clubs and fitness centers in 2017, Michigan Attorney General Bill Schuette is [reminding](#) Michigan consumers looking to join a gym this new year to shop smart.

In collaboration with the solar, energy, and housing industries, consumer protection groups and regulators, New Mexico Attorney General Hector Balderas [released](#) the Distributed Generation Disclosure Statement. This form is designed in an easily understood and visually distinct manner to help consumers understand the important terms of a solar power system purchase, lease, or power purchase agreement.

New York Attorney General Eric T. Schneiderman [announced](#) a court order against a New York company that allegedly defrauded consumers by failing to deliver heating oil.

North Carolina Attorney General Josh Stein [provided](#) tips on how to keep your personal information safe.

Ohio Attorney General Mike DeWine and the Federal Trade Commission [announced](#) that the operators of a nationwide computer repair scam have been banned from the tech support business as part of settlements with the FTC and Ohio Attorney General.

Pennsylvania Attorney General Josh Shapiro [warned](#) Pennsylvanians to be alert for scams when purchasing Super Bowl LII tickets or other products related to the event.

Virginia Attorney General Mark R. Herring has [secured](#) a permanent injunction and restitution order against Sea-Thru Windows, Inc., a Virginia Beach-based window seller and installer, and its president and sole owner, Jeffery C. Pesich, for taking tens of thousands of dollars of customers' money in violation of the Virginia Consumer Protection Act.

## Legislation

Arizona Attorney General Mark Brnovich is [proposing](#) legislation to strengthen the notification requirements in Arizona's data breach notification law.

Iowa Attorney General Tom Miller is [proposing](#) legislation to eliminate fees most Iowa consumers now pay to freeze unauthorized access to their credit reports as well as fees credit reporting agencies can charge Iowans to undo the freeze.

North Carolina Attorney General Josh Stein has [announced](#) his support for legislation to strengthen North Carolina's laws to prevent data breaches and to protect affected victims.

South Dakota Attorney Marty Jackley is [proposing](#) legislation to require the reporting of data breaches of personal information to consumers and the South Dakota Attorney General's Office.

## Charities

New Mexico Attorney General Hector Balderas [announced](#) that the Office of the Attorney General filed the first of a series of lawsuits against charities across New Mexico that have allegedly failed to comply with the state's registration and reporting requirements under the Charitable Solicitations Act.

New York Attorney General Eric T. Schneiderman [announced](#) that over 4,700 donation collection bins throughout New York now disclose whether clothing or other items deposited in those bins are used for charitable or for profit purposes.

## Veterans and Military News

An Illinois man was [sentenced](#) to prison for using stolen identities of U.S Air Force members to file fraudulent tax returns.

Nevada Attorney General Adam Paul Laxalt [announced](#) his Office of Military Legal Assistance's partnership with the Reno and Las Vegas VA Medical Centers to host free resource fairs. At the resource fairs, legal and medical experts will be available to discuss family law, bankruptcy, landlord/tenant, public benefits, consumer law/protection, veteran benefits, wills, powers of attorney, mental health, health care, and suicide prevention.

## Upcoming Events

### **Charities Webinar Series: Consumer, Donor, and Board Member Outreach and Education: The Soft Approach to Regulation and Compliance**

Thursday, February 1, 2018: 2:00- 3:30 PM EST

This webinar will explore the goals of charities regulation and commonalities with the goals of the regulated sector. Participants will learn how information and communication can heighten the common goals of regulatory compliance, transparency, and public confidence in the sector.

[To register, please email Elizabeth Tyler](#) ➔

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the FDA**

Tuesday, February 13, 2018: 2:00 PM EST

The webinar will include a general overview of the regulation of dietary supplements under the Food, Drug, and Cosmetic Act followed by an introduction to FDA's Office of Dietary Supplement Programs.

[To register, please email Elizabeth Tyler](#) ➔



## **Charities Webinar Series: Attorney General Enforcement Actions: Finding Significant Problems and Addressing Them**

Wednesday, March 7, 2018: 2:00- 3:30 PM EST

Participants will learn how to leverage limited resources for more effective enforcement. Presenters will walk through case studies of actions that have made a difference.

[To register, please email Elizabeth Tyler](#) ➤

## **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the VA**

March 13, 2018: 2:00 PM EST

This webinar offers a general overview of the Department of Veterans Affairs (VA) accreditation program, with a particular focus on companies that scam Veterans by engaging in unlawful activity related to representation on VA benefits claims.

[To register, please email Elizabeth Tyler](#) ➤

## **NAGTRI National Anatomy of a Complex Consumer Protection Case Training**

April 24-27, 2018: Kansas City, MO

This course focuses on complex consumer protection investigations and enforcement actions. Participants will learn to identify and overcome the challenges that such cases present, from initial intake to final resolution.

[Nominations are now open!](#) ➤

## **2018 Consumer Protection Spring Conference**

May 21-23, 2018: Washington, D.C.

Save the Date!

[Registration coming soon](#) ➤

[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**December 2017**



### **Consumer Chief of the Month: Deborah Hagan, Illinois**

I joined the Illinois Attorney General's Office in 1982 as an Assistant Attorney General in the Consumer Fraud Bureau. I have served under 5 attorneys general and have worked in the Consumer Protection Division for over 36 years. Since 2004, I have headed up the Consumer Protection Division which includes Consumer, Charitable Trust, Franchise, Health Care, and Veterans' and Servicemember Bureaus. I supervise approximately 40 lawyers and at least that many more non-attorneys who handle consumer, health care, and veterans' complaints as well as process charitable trust and franchise report filings.

[Read More](#) ➤

### **Article of the Month: Getting Parents Involved: How to Establish Personal Jurisdiction Over Parent and Affiliate Companies**

**Travis Brown, Assistant Attorney General, Office  
of the Attorney General, Tennessee**

A successful case requires more than simply prevailing at trial; it requires a solvent defendant. But what happens when the defendant cannot pay the judgment? In state civil enforcement actions, we often seek restitution payments for consumers in our states. How do we ensure that restitution (or civil penalties, attorney fees, etc.) is paid? One method is through parent and affiliate liability. Parent companies can engage in deceptive and unfair conduct through their subsidiaries. In other contexts, parents hold gains obtained illegally by subsidiaries. However, establishing personal jurisdiction over these solvent entities can present problems. These companies often interact with different states only through subsidiary or affiliate entities, never actually making contact with most states.

[Read More](#) ➤





## Scam Alert: New Year's Weight Loss Scams

The FTC is [warning](#) consumers to avoid any garment, gizmo, pill, or potion that promises weight loss with no effort.

### Federal Consumer Protection News

The CFPB Ombudsman's Office 2017 annual report is now [available](#). In other CFPB news, the Bureau [released](#) its biennial report on the state of the credit card market.

The Department of Justice and Department of State [launched](#) the Intellectual Property Law Enforcement Coordinator Network. In other DOJ news, two defendants [plead](#) guilty in federal court in Las Vegas, NV, in regard to multimillion dollar prize promotion scams targeting elderly victims.

The Public Safety and Homeland Security Bureau of the FCC is [seeking](#) comment on the resiliency of the communications infrastructure, the effectiveness of emergency communications, and government and industry responses to the 2017 hurricane season.

The FCC [voted](#) to repeal net neutrality rules. The FCC and FTC entered into an [MOU](#) under which they agreed to coordinate online efforts pursuant to the FCC's planned rollback of net neutrality rules. Under the MOU, the FCC will review informal complaints concerning ISP compliance with disclosure obligations, and the FTC will investigate and take enforcement action against ISPs regarding the accuracy of those disclosures. The two agencies will share legal and technical expertise and will collaborate on consumer and industry outreach and education.

The FTC is [mailing](#) 442,898 refund checks totaling more than \$8 million to people who bought weight loss supplements that were deceptively marketed using illegal spam email, baseless weight loss claims, and fake celebrity endorsements. In other FTC news, the commission [provides](#) some FAQs on the Equifax breach to help consumers decide how to protect themselves.

The Securities and Exchange Commission [charged](#) a biopharmaceutical company with committing a series of accounting controls and disclosure violations, including the failure to properly report as compensation millions of dollars in perks provided to its then-CEO and then-CFO.

### Attorney General Consumer Protection News and Other Items of Interest

Arizona Attorney General Mark Brnovich [announced](#) that blood testing company Theranos will pay \$4.6 million in refund checks to consumers who purchased a Theranos blood test. Attorney General Brnovich alleges Theranos' advertisements misrepresented the method, accuracy, and reliability of its blood testing and that the company was out of compliance with federal regulations contained in the Clinical Laboratory Improvement Amendments of 1988.

The Better Business Bureau [released](#) a study of the increasing problem of computer tech support scams.

Delaware Attorney General Matt Denn and the Department of Justice Consumer Protection Unit [warned](#) Delawareans about scam calls regarding jury duty being made to residents.

Florida Attorney General Pam Bondi [confirmed](#) that her office issued a subpoena to ride sharing company Uber as part of an investigation into Uber's alleged cover up of a data breach that occurred more than a year ago.

Guam Attorney General Elizabeth Barrett-Anderson [warned](#) Guam consumers about scammers claiming to be from the IRS.

Kansas Attorney General Derek Schmidt [filed](#) a lawsuit against Caney Guest Home, Inc., d/b/a Caney Nursing Center, and James R. Laidler, owner of the facility, alleging the company operated a nursing

home in violation of the Kansas Consumer Protection Act by failing to secure or properly dispose of patient records containing personal information.

Maryland Attorney General Brian E. Frosh [warned](#) consumers to be wary of telephone calls that appear to be from a utility company. The callers threaten to shut off power for non-payment unless the consumer sends money.

Massachusetts Attorney General Maura Healey obtained a [court order](#) against a man operating a mortgage scam.

Mississippi Attorney General Jim Hood is [warning](#) Mississippians about tax-related phone scams as tax season approaches.

Missouri Attorney General Josh Hawley [issued](#) a warning to consumers reminding them to check their bank and insurance statements for irregular activity.

Montana Attorney General Tim Fox [announced](#) his office filed a consumer protection lawsuit in Montana District Court against [Purdue Pharma LLC](#), for alleged ongoing deceptive marketing practices involving its prescription opioids, including OxyContin.

New York Attorney General Eric T. Schneiderman [announced](#) that his office won a lawsuit for consumers against John Kniery, a Buffalo-based home improvement contractor that allegedly bilked New Yorkers out of over \$10,000.

Pennsylvania Attorney General Josh Shapiro is [encouraging](#) Pennsylvanians to carefully examine any contract they sign before joining a health club, and offering tips so they understand their legal rights.

South Dakota Attorney General Marty Jackley is [warning](#) South Dakota seniors that the grandparent scam has resurfaced targeting all parts of the state.

Texas Attorney General Ken Paxton [announced](#) that the Travis County District Court granted a temporary injunction halting the alleged deceptive practices of HPC Techs LLC, Escutcheon Technologies LLC, The Rhombus Techs LLC, and nine other tech support companies, as well as the four individuals who own and operate them.

Uber admitted in a post on the company's website that hackers stole the personal data of 57 million riders worldwide in a breach Uber did not disclose for more than one year. The disclosure was made the same day as [Bloomberg reported Uber paid the hackers \\$100,000](#) in an attempt to prevent disclosure. [The City of Los Angeles has sued Uber](#), alleging it violated state law requiring companies to report data breaches as soon as discovered or as soon as possible. In Europe, the Article 29 Working Party, an advisory committee composed of data privacy watchdogs from each EU member, [established](#) a task force to coordinate investigations into the breach.

Washington Attorney General Bob Ferguson [filed](#) a consumer protection lawsuit against a Massachusetts-based company alleging it deceptively advertises and sells training packages to potentially thousands of Washingtonians for as much as \$35,000 with promises of inside information on how to make money selling on Amazon. In other Washington news, Attorney General Ferguson [announced](#) a consumer protection lawsuit against TVI, Inc., the for-profit company that owns Value Village, alleging Bellevue-based TVI, Inc. has deceived thousands of Washington consumers and donors for more than a decade.

Wisconsin Attorney General Brad Schimel and 50 other state attorneys general have reached a \$13.5 million [settlement](#) with Boehringer Ingelheim Pharmaceuticals, Inc. regarding its alleged off-label marketing and deceptive and misleading representations made in its promotion of four of its prescription drugs: Micardis®, Aggrenox®, Atrovent®, and Combivent®.

## Charities

Florida Attorney General Pam Bondi [filed](#) a complaint seeking to shut down a Florida charity falsely claiming to use charitable donations to provide financial support to families of firefighters lost in the line of duty.



New Mexico Attorney General Hector Balderas [announced](#) he is launching the New Mexico Charities Compliance Sweep. The Office of the Attorney General has started sending out notices to charities across the state that are delinquent in their registration and reporting requirements as required by the Charitable Solicitations Act. The sweep offers delinquent charities the opportunity to come into compliance without having to face formal legal action.

Washington Attorney General Bob Ferguson [announced](#) a lawsuit against a Leavenworth man and his family for pocketing most of \$1.5 million in donations that thousands of Washingtonians thought were going to disadvantaged children.

## Veterans and Military News

Service members are often [targeted](#) for financial scams and have a harder time defending themselves. New York Special Assistant Attorney General Deanna Nelson is doing it for them.

## Upcoming Events

### **Charities Webinar Series: Consumer, Donor, and Board Member Outreach and Education: The Soft Approach to Regulation and Compliance**

Thursday, February 1, 2018: 2:00- 3:30 PM EST

This webinar will explore the goals of charities regulation and commonalities with the goals of the regulated sector. Participants will learn how information and communication can heighten the common goals of regulatory compliance, transparency, and public confidence in the sector.

[To register, please email Elizabeth Tyler](#) ➤

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the FDA**

Tuesday, February 13, 2018: 2:00 PM EST

Potential topics to be determined.

[To register, please email Elizabeth Tyler](#) ➤

### **NAGTRI National Consumer Protection 101 Training**

February 22-23, 2018: Atlanta, GA

This training will provide basic information about consumer protection cases. Participants will learn about federal and state consumer protection laws and important case law, the beginnings of a consumer protection case, pre-litigation discovery, enforcement actions, multistate investigations and working groups, the anatomy of a consumer settlement, and ethics in regard to undercover investigations and dealings with defense counsel.

[Nominations Open Now](#) ➤

### **Charities Webinar Series: Attorney General Enforcement Actions: Finding Significant Problems and Addressing Them**

Wednesday, March 7, 2018: 2:00- 3:30 PM EST

Learn how to leverage limited resources for more effective enforcement: Case studies of actions that have made a difference.

[Registration opens January 8, 2018](#) ➤

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the VA**

March 13, 2018: 2:00 PM EST

This webinar offers a general overview of the Department of Veterans Affairs (VA) accreditation program, with a particular focus on companies that scam Veterans by engaging in unlawful activity related to representation on VA benefits claims.

[Registration opens mid-January](#) ➤

### **NAGTRI National Anatomy of a Complex Consumer Protection Case Training**

April 24-27, 2018: Kansas City, MO

This course focuses on complex consumer protection investigations and enforcement actions. Participants will learn to identify and overcome the challenges that such cases present, from initial intake to final resolution.

[Nominations open soon!](#) ➤

### **2018 Consumer Protection Spring Conference**

May 21-23, 2018: Washington, D.C.

Save the Date!

[Registration coming soon](#) ➤

[Blake Bee](#), Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

The **National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

**November 2017**



### **Consumer Chief of the Month: Paul Singer, Texas**

I'm truly honored to serve as this month's Consumer Chief of the Month and join the excellent company of Linda and Parrell. I've been part of the Consumer Protection Division of the Texas Office of the Attorney General since the summer of 2000, when I accepted a part-time position as a law clerk after my second year of law school. At the time I intended to be with the division just that summer, but I quickly realized this was the career that I wanted to pursue. Seventeen years and a variety of positions later, I became chief of the division this past summer.

[Read More](#) ➤

### **Article of the Month:**

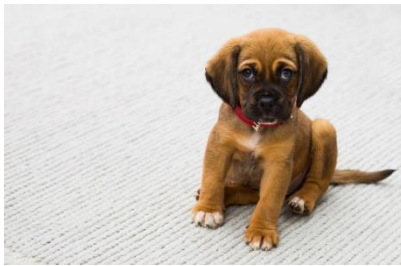
**The National Mortgage Settlement: Where Are We Now?**

**Gail Lowery, Special Assistant Attorney General, Office of the Attorney General, Mississippi**

Prior to the year 2012, homeowners in this country were facing a national foreclosure crisis and consumer financial distress was at an all-time high. However, on March 12, 2012, touted as a landmark agreement, the \$25 billion National Mortgage Settlement brought together 49 state attorneys general, the Department of Justice, and the Department of Housing and Urban Development (HUD) into one Consent Judgment addressing these grave concerns. This settlement was lauded to forever change the landscape of homeowner rights in our country. Particularly interesting was one aspect of the Consent Judgment that provided for detailed new servicing standards that were designed to provide better protections for homeowners.



[Read More](#) ➤



## Scam Alert: Pet Fraud

Pet leasing: apparently, it's a [thing](#). And there are many people who paid money not knowing they were actually renting their new pets instead of owning them.

## Federal Consumer Protection News

Antitrust agency heads from the United States, Canada and Mexico [met](#) at the Department of Justice in Washington, D.C., to discuss their ongoing work to ensure fair and effective antitrust enforcement and increased cooperation among the nations.

The Commodity Futures Trading Commission [announced](#) that Judge David G. Campbell of U.S. District Court for the District of Arizona entered a Consent Order against Defendants Derek Springfield and his company, Draven, LLC both of Mesa, Arizona finding that they fraudulently solicited and received at least \$1.8 million from approximately 112 commodity pool participants in connection with pooled investments in commodity futures and foreign currency exchange. The Order, entered on November 13, 2017, also finds that the Defendants engaged in fraudulent sales practices, misappropriated pool participant funds, and provided false account statements to pool participants.

The Consumer Financial Protection Bureau (CFPB) [filed](#) a lawsuit against Freedom Debt Relief, the nation's largest debt-settlement services provider, and its co-CEO Andrew Housser for deceiving consumers. In other CFPB news, the CFPB [took](#) action against Citibank, N.A. for student loan servicing failures that harmed borrowers.

The Federal Communications Commission [approved](#) new rules to protect consumers from unwanted robocalls, allowing phone companies to proactively block calls that are likely to be fraudulent because they come from certain types of phone numbers. In other FCC news, consumers and consumer advocates can learn about important safety tips for the holiday season during a [webinar](#) on December 4 at 2:00 p.m. EST. The FCC's Consumer and Government Affairs Bureau and the Federal Trade Commission's Bureau of Consumer Protection will host this session offering information and resources to assist the public. Also, the Federal Trade Commission released the [final agenda](#) for its December 12, 2017 workshop examining questions about the injuries consumers suffer when information about them is misused.

As part of the U.S. Food and Drug Administration's ongoing efforts to protect consumers from health fraud, the agency [issued](#) warning letters to four companies illegally selling products online that claim to prevent, diagnose, treat, or cure cancer without evidence to support these outcomes. In this case, the illegally sold products allegedly contain cannabidiol, a component of the marijuana plant that is not FDA approved in any drug product for any indication.

The Federal Trade Commission has [released](#) its [draft Strategic Plan for Fiscal Years 2018 to 2022](#) for public review and comment, as required under the GPRA Modernization Act of 2010, using guidance issued by the Office of Management and Budget. Every four years, government agencies are required to prepare and submit an updated strategic plan covering activities for at least the following five years. The FTC's last updated strategic plan was prepared in FY 2013. In other FTC news, the operators of a Chicago-area fake debt collection scheme have been [banned](#) from the debt collection business and from selling debt portfolios under settlements with the Federal Trade Commission and the Illinois Attorney General. The settlements also require them to surrender assets totaling at least \$9 million, which will be returned to consumers.

The Securities and Exchange Commission is [warning](#) investors to beware online "paid-to-click" scams that promise an easy payday by merely purchasing a membership or an advertising product up front and then clicking on a certain number of online ads each day.

A federal court entered an order against three Los Angeles area telemarketing companies and two executives, the Department of Justice [announced](#). That order, entered by Judge Michael W. Fitzgerald in the Central District of California, permanently bans the companies and one executive from future

telemarketing activity and restricts the telemarketing activities of another executive. The order also imposes a civil monetary penalty.

The United States Department of Justice [filed](#) a civil antitrust lawsuit to block AT&T/DirecTV's proposed acquisition of Time Warner Inc. The \$108 billion acquisition would substantially lessen competition, resulting in higher prices and less innovation for millions of Americans.

# Attorney General Consumer Protection News and Other Items of Interest

Arkansas Attorney General Leslie Rutledge [warns](#) consumers about debt relief scams and provides a list of red flags that could signal unscrupulous activity.

Colorado Attorney General Cynthia H. Coffman [announced](#) the launch of the first annual Colorado Consumer Protection Month. This new initiative will focus on raising awareness and providing education about consumer fraud issues including common scams, financial abuses, and fraud affecting Coloradans across the state. The Colorado Attorney General's Office is partnering with law enforcement, regulatory entities, and non-profit programs statewide to help Coloradans learn how to identify, prevent, and report fraudulent activity.

Connecticut officials are [warning](#) residents to look out for scammers using federal open enrollment periods to lure consumers into buying fake health plans or otherwise obtain personal or financial information, Connecticut Attorney General George Jepsen, state Department of Insurance Commissioner Katharine Wade and Jim Wadleigh, CEO of Access Health CT, said.

A Kansas auto dealer has been sued for violating state consumer protection laws and is temporarily banned by court order from doing business in Kansas while the lawsuit proceeds, [announced](#) Kansas Attorney General Derek Schmidt.

Kentucky Attorney General Andy Beshear [announced](#) that Kentuckians who have been victims of fraud induced wire transfers involving Western Union need to begin filing claims as part of a global settlement reached January with the company.

Maryland Attorney General Brian E. Frosh [announced](#) that his Consumer Protection Division has filed charges against Swift Van Lines, LLC (formerly known as Revolution Moving and Storage, LLC), a household goods moving company based in Hyattsville, and its owner, Juan Carlos Martinez, for charging consumers several times the amount the company estimated it would cost to move consumers' goods, and then driving off with consumers' goods if they did not pay the increased demand.

Missouri Attorney General Josh Hawley [announced](#) that his Office has issued an investigative subpoena to Internet giant Google, Inc., in connection with an investigation into the company's business practices. Specifically, the investigation will seek to determine if Google has violated the Missouri Merchandising Practices Act—Missouri's principal consumer-protection statute—and Missouri's antitrust laws.

North Dakota Attorney General Wayne Stenehjem [issued](#) a Cease & Desist order against Jason Rhoden of Santa Ana, California, doing business as Vehicle Protection Department, LLC, for violations of the consumer fraud and telephone solicitation laws. The Attorney General's Consumer Protection division initiated an investigation after a consumer complained that she received a telephone solicitation even though her number is registered on the Do Not Call list.

New York Attorney General Eric T. Schneiderman [announced](#) that his office won a lawsuit for consumers against Brian Robinson, a Rochester-based home improvement contractor and snowplow operator who bilked New Yorkers out of over \$42,000. Robinson, who owned and operated Apex Construction and Robinson and Son, Inc., must now pay \$42,085 in restitution to consumers and \$50,000 in penalties and costs.



Ohio Attorney General Mike DeWine [announced](#) a consumer protection lawsuit against an Akron-area man accused of failing to provide promised home improvement services to consumers.

Texas Attorney General Ken Paxton [announced](#) that his office served an investigative subpoena – also known as a Civil Investigative Demand – on Equifax, one of the nation’s three major credit reporting agencies. Equifax reported a massive data breach affecting 145.5 million Americans, including 12.2 million Texans.

Washington Attorney General Bob Ferguson and the Washington State Auto Dealers Association [urge](#) consumers not to be fooled by the perfect exterior condition of the car and the new car smell. A flood-damaged car may look normal, but almost always will have serious problems including mildew and corroded wires which can result in an electrical failure. In other Washington news, Attorney General Ferguson [filed](#) a multi-million dollar consumer protection lawsuit against ride sharing company Uber, alleging thousands of violations of the state’s data breach notification law. Uber discovered a data breach potentially affecting 57 million passengers and drivers around the world, including the names and driver’s license numbers of at least 10,888 Uber drivers in Washington.

## Legislation

New York Attorney General Eric T. Schneiderman [introduced](#) new legislation to comprehensively protect New Yorkers’ personal information from a growing number of data breaches. In the wake of the Equifax breach, the Stop Hacks and Improve Electronic Data Security Act (SHIELD Act) - introduced in the legislature this week - would close major gaps in New York’s data security laws, without putting an undue burden on businesses.

Ohio Attorney General Mike DeWine publicly [endorsed](#) Senate Bill 220, the Data Protection Act, at a news conference with bill sponsor State Senator Bob Hackett (R-London). The legislation was introduced as part of Attorney General DeWine’s CyberOhio Initiative to help Ohio businesses with cybersecurity issues.

With the recent data breach at Equifax and the increased need for consumers to have greater control in protecting their identity from hackers, Rhode Island Attorney General Peter F. Kilmartin [announced](#) his intention to file legislation that would prohibit credit bureaus from charging all Rhode Island consumers fees to place, temporarily lift, or remove security freezes on their accounts.

## Charities

Michigan Attorney General Bill Schuette [announced](#) a [lawsuit](#) against Texas-based clothing donation bin operator ATRS, Inc. ATRS owns and operates 251 clothing donation bins in Michigan. The bins state that the Michigan Humane Society “receives 100% of the market value of every donation received at this location.” However, by contract, ATRS pays the Michigan Humane Society just \$.02 per pound. For 2016, donations to the bins generated \$835k in revenue for ATRS, an average of \$.34 per pound; ATRS paid the Michigan Humane Society \$49k (\$.02 per pound) for these items, which equals just 6% of revenue generated from the bins.

New York Attorney General Eric T. Schneiderman today released his annual “[Pennies for Charity: Where Your Money Goes; Fundraising by Professional Fundraisers](#)” report, which found that more than one-third of charitable donations ended up in the pockets of the professional fundraisers.

## Veterans and Military News

AARP study [finds](#) that veterans are more likely to be victims of fraud than nonveterans.

Federal Trade Commission staff [submitted](#) a [comment to the Department of Veterans Affairs](#) (VA) in support of its proposed rule that would clarify that VA health care practitioners may provide telehealth services to beneficiaries notwithstanding any contrary state licensing laws, rules, or requirements.

Kansas Attorney General Derek Schmidt [announced](#) a charity claiming to raise funds to support veterans has been shut down following an investigation by Kansas and other states into its solicitation practices.

Michigan Attorney General Bill Schuette [announced](#) his Charitable Trust Section has reached a settlement with Healing American Heroes, Inc. of Round Rock, Texas and its professional fundraiser Jeremy Squire & Associates for violations of the Charitable Organizations and Solicitations Act. As part of the settlement Helping American Heroes will be dissolved and both the charity and professional fundraiser will pay restitution.

The U.S. Department of Justice [filed](#) a lawsuit in U.S. District Court for the Western District of Washington, alleging that Northwest Trustee Services, Inc. (Northwest) violated the Servicemembers Civil Relief Act (SCRA). The complaint alleges that since 2010, Northwest completed foreclosures on at least 28 homes owned by servicemembers without obtaining the required court orders. In other USDOJ news, the Justice Department [announced](#) that it has obtained an additional \$5.4 million for servicemembers whose vehicles were unlawfully repossessed by Wells Fargo Bank, N.A. in violation of the Servicemembers Civil Relief Act.

## Upcoming Events

### **NAGTRI National Anatomy of a Complex Consumer Protection Case Training**

December 5-8, 2017: Memphis, TN

This course focuses on complex consumer protection investigations and enforcement actions. Participants will learn to identify and overcome the challenges that such cases present, from initial intake to final resolution.

[More Information](#) 

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the FCC**

Tuesday, December 12, 2017: 2:00 PM EST

Potential topics include slamming/cramming, robocalls/spoofing, enforcement issues, call blocking for law enforcement purposes, and net neutrality.

[To register, please email Elizabeth Tyler](#) 

### **Consumer Protection Partners Webinar Series: Collaboration Between Attorneys General and the CFPB**

Tuesday, January 9, 2018: 2:00 PM EST

Topics to be announced.

[To register, please email Elizabeth Tyler](#) 

### **Charities Webinar Series: Consumer, Donor, and Board Member Outreach and Education: The Soft Approach to Regulation and Compliance**

Thursday, February 1, 2018: 2:00- 3:30 PM EST

This webinar will explore the goals of charities regulation and commonalities with the goals of the regulated sector. Participants will learn how information and communication can heighten the common goals of regulatory compliance, transparency, and public confidence in the sector.

[Registration opens December 1, 2017](#) 

### **NAGTRI National Consumer Protection 101 Training**

February 22-23, 2018: Atlanta, GA

This training will provide basic information about consumer protection cases. Participants will learn about federal and state consumer protection laws and important case law, the beginnings of a consumer protection case, pre-litigation discovery, enforcement actions, multistate investigations and working groups, the anatomy of a consumer settlement, and ethics in regard to undercover investigations and dealings with defense counsel.

[Nominations Open Now](#) 

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the

material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Schedule](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out | Unsubscribe](#)



**NAGTRI**  
THE NAAG TRAINING & RESEARCH ARM

## Center for Consumer Protection Monthly

October 2017



### Consumer Chief of the Month: Linda Conti, Maine

I am honored to be the second “Chief of the Month” although a bit nervous as Parrell Grossman is a difficult act to follow. I have been in the Maine Attorney General’s office since 1988. I was hired shortly after I graduated from the University of Maine School of Law by then Maine Attorney General James E. Tierney. Some of you may know him.

[Read More](#) ➤

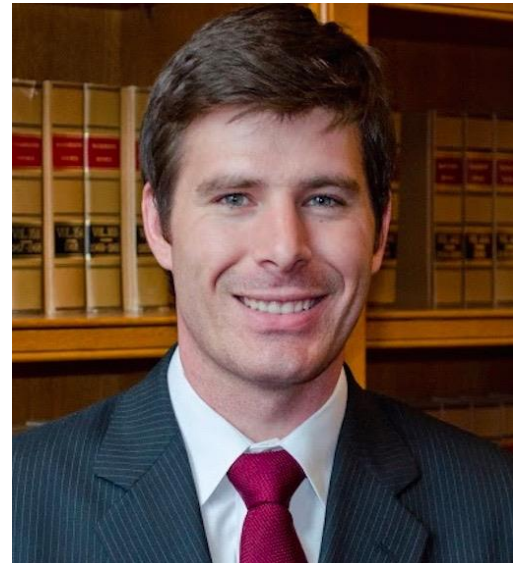
### Article of the Month:

#### Automatic Renewal Provisions in Consumer Contracts

Benjamin Golden, Assistant Attorney General,  
Office of the Attorney General, Massachusetts

Consumer contracts today frequently include a provision stating that the contract shall automatically renew unless the consumer takes some affirmative, prescribed step to cancel. Unsurprisingly, these provisions – commonly referred to as automatic renewal provisions, and sometimes referred to as evergreen clauses – have drawn the attention of regulators and politicians alike. The purpose of this article is to explore the current regulatory landscape, and to encourage state attorneys general to protect consumers against unfair and deceptive auto-renewal practices.

[Read More](#) ➤



## Attorney General News

- Alabama Attorney General Steve Marshall [announced](#) that a Montgomery credit repair company has been permanently closed by court order at the request of his office. The order was part of a settlement the Attorney General’s Office reached with Scott’s Credit Repair and its owner/operators John C. Scott and Krystal Scott. Under the terms of the settlement, the Defendants are prohibited from engaging in any activity in the credit repair or consumer finance industries, and from owning or managing any business, either in the State of Alabama or involving Alabama consumers from another location or online.
- Arkansas Attorney General Leslie Rutledge has [held](#) Florida-based Capital Credit Solutions Inc. and its owner Willie J. McKenzie accountable for false and misleading representations made to Arkansans in order to entice them to purchase credit repair services that are actually available for free.
- California Attorney General Xavier Becerra [announced](#) a lawsuit against Curacao, a retail store chain that ranks among the 50 largest electronics and appliance retailers in the United States and has nine locations in Southern California. The company actively markets its products to members of the Latino community –



specifically low-income individuals, Spanish speakers, and immigrants – who lack credit history and have minimal experience with credit card and retail payment plans. In the lawsuit, which follows an investigation carried out in conjunction with the Los Angeles County Department of Consumer and Business Affairs, Attorney General Becerra alleges that Curacao engages in numerous and pervasive unlawful, unfair, and fraudulent business practices.

- General Motors Company (“GM”) and 50 attorneys general, including Delaware, have [settled](#) allegations GM concealed safety issues related to ignition-switch-related defects in GM vehicles, resulting in changes to the way the company represents cars to be “safe” as well as payments to the states.
- Florida Attorney General Pam Bondi’s Office [filed](#) a complaint against HOA Problem Solutions, Inc., as well as several related companies, for using deceptive and unfair practices to acquire properties from financially distressed homeowners.
- The Colorado seller of bottled water products that include “drinkable sunscreen” and mosquito repellent mouth sprays must reform what Iowa Attorney General Tom Miller [alleged](#) in a consumer fraud lawsuit were deceptive and unfair practices, through a court-enforced agreement reached in Iowa.
- Kansas Attorney General Derek Schmidt has [joined](#) with 24 other state attorneys general in urging the Trump Administration to reject efforts by student loan servicers and debt collectors to secure immunity from state-level oversight and enforcement.
- Maryland Attorney General Brian E. Frosh [announced](#) that his Consumer Protection Division has issued a cease and desist order finding that H&S Marketing, LLC; Client Processing Services, LLC; Henrique Silva; Melissa Haddad; Cimar Scaff; and Gail Ghada Haddad, collectively doing business as Student Loan Counsel, violated the Consumer Protection Act, the Maryland Credit Services Businesses Act, and the Maryland Debt Settlement Services Act. The order requires Student Loan Counsel to return all of the money collected from Maryland consumers, and to pay any damages suffered by Marylanders who were affected by their illegal conduct.
- Mississippi Attorney General Jim Hood [announced](#) he joined 36 other attorneys general in urging consumer reporting agencies Experian and TransUnion to immediately stop charging fees to consumers who want to put credit freezes on their accounts in light of the massive data breach at the consumer reporting agency Equifax.
- During the month of October, the Nebraska Attorney General’s Consumer Protection Division is [joining](#) with the Department of Homeland Security’s Stop. Think. Connect.™ Campaign and its partners across the country to recognize National Cyber Security Awareness Month and highlight the importance of online safety. Relatedly, the Nebraska Attorney General’s Office [offers](#) the following reminders to both consumers and businesses that may be impacted by a data breach.
- New Jersey Attorney General Christopher S. Porrino and the Division of Consumer Affairs have [filed](#) a Complaint alleging that a Monmouth County contractor used deceptive practices to obtain more than \$230,000 in federal relief funds from four homeowners who sought to have their damaged homes rebuilt, elevated and/or repaired after Superstorm Sandy.
- North Carolina Attorney General Josh Stein [announced](#) that he has taken retailer eRummagers to court to stop the company’s alleged unlawful conduct including deceptive business practices. The North Carolina Department of Justice brought the suit against eRummagers after receiving consumer complaints of unfair and dishonest conduct. Attorney General Stein won a temporary restraining order in the Wake County Superior Court.
- North Dakota Attorney General Wayne Stenehjem’s Consumer Protection Division has [initiated](#) an investigation relating to Spa D’Athena in Bismarck. Investigators have contacted the business to discuss what occurred and its ability to make refunds to those holding gift cards. Attorney General Wayne Stenehjem also is highly concerned about attempts by Spa D’Athena to limit the claims process, including any implication that consumers may be waiving certain rights they have if they respond to or send an email to the company.
- New York Attorney General Eric T. Schneiderman [announced](#) that he filed a motion for civil and criminal contempt of court against Jason Briere, a Syracuse home improvement contractor, for his continued operation of a home improvement contracting business in violation of a prior court order. In other New York news, Attorney General Schneiderman [announced](#) an agreement between his office and credit card servicer and marketer Continental Finance Company, LLC, resolving allegations that the company failed to



prominently disclose fees to consumers in marketing materials for its “Surge” credit cards. As part of the agreement, Continental Finance has agreed to improve the disclosures in the direct mail marketing of its “Surge” credit cards and refund the initial annual fee of \$125 to more than 150 New Yorkers who activated the card after receiving a written solicitation.

- Ohio Attorney General Mike DeWine [announced](#) a lawsuit against a Toledo headstone maker for performing shoddy work such as misspelled names on headstones, and failing to deliver other headstones and grave markers.
- Pennsylvania Attorney General Josh Shapiro [filed](#) a lawsuit against the nation’s largest servicer of federal and private student loans, Navient Corporation, and its subsidiary Navient Solutions, LLC, over widespread abuses in their student loan origination and servicing business.
- South Dakota Attorney General Marty Jackley is [warning](#) South Dakotans to be cautious of misleading websites that falsely appear to be representing governmental agencies. The Attorney General’s Consumer Protection Division has received numerous complaints from businesses in and out of South Dakota who have received emails and/or links to what appears to be from legitimate South Dakota governmental agencies.
- Texas Attorney General Ken Paxton [announced](#) that his office filed an action against Jason Spencer, the operator of an alleged student loan debt relief scam called Student Loan Relief, LLC. Spencer allegedly engaged in false, misleading or deceptive practices in violation of the Texas Deceptive Trade Practices Act and Texas Finance Code, including providing unauthorized services, falsely advertising online, and charging premature or unauthorized fees.
- Virginia Attorney General Mark R. Herring [announced](#) that his office reached a settlement with Investment Evolution Corporation d/b/a Mr. Amazing Loans to provide refunds and debt forgiveness to nearly 200 consumers as a result of the company’s alleged violations of the Virginia Consumer Protection Act.
- Washington state Attorney General Bob Ferguson [released](#) his [second annual Data Breach Report](#). His report finds that between July of 2016 and July of this year, data breaches affected nearly 3 million Washingtonians — more than six times the number impacted in the previous 12 months.
- Wisconsin Attorney General Brad Schimel, on behalf of the Department of Financial Institutions and the Department of Agriculture, Trade and Consumer Protection, [obtained](#) a temporary injunction against Vision Property Management (VPM), a South Carolina-based property management company and its many affiliates. In June, the state [filed a lawsuit](#) against VPM alleging that the company used misleading and deceiving business practices to induce Wisconsin consumers to lease, rent, or purchase uninhabitable properties in violation of Wisconsin landlord-tenant and mortgage banking laws.

## Federal Consumer Protection News

- The Consumer Financial Protection Bureau [issued](#) an interim final rule and a proposed rule to provide mortgage servicers more flexibility and certainty around requirements to communicate with certain borrowers under the Bureau’s 2016 mortgage servicing amendments.
- The Commodity Futures Trading Commission’s LabCFTC released, “[A CFTC Primer on Virtual Currencies](#).” This primer is the first of a series that LabCFTC will release to provide fundamental, and essential, information about financial technology (FinTech) innovation.
- The Federal Trade Commission, along with 11 states and the District of Columbia, [announced](#) “Operation Game of Loans,” the first coordinated federal-state law enforcement initiative targeting deceptive student loan debt relief scams. In other FTC news, the FTC is [mailing](#) 227,000 refund checks totaling more than \$9.8 million to people who bought “fat burning” and “weight loss” products and other dietary supplements, DVDs, or skin creams, including Pure Green Coffee Bean Plus and RKG Extreme, from Health Formulas LLC and related companies. The average refund amount is \$43. Also, The FTC has [obtained a court order against two men for their roles in an alleged scheme that lured consumers with fake rental property ads](#) and deceptive promises of “free” credit reports into signing up for a costly credit monitoring service. The two settling defendants will pay a total of \$762,000 to resolve the agency’s claims.
- The Securities and Exchange Commission [charged](#) three individuals who defrauded investors in a company that falsely claimed to be developing a caffeinated chocolate snack and nearing an acquisition by Monster Energy or Coca-Cola Co. In other SEC news, the Commission [charged](#) Mohammed Ali Rashid, a former senior partner at Apollo Management L.P., with defrauding his fund clients by secretly billing them for

approximately \$290,000 in personal expenditures, including his family vacations, visits to a hair salon, and purchases of designer clothing and high-end electronics.

- A New York businessman was [arrested](#) for overseeing a scheme to forge hundreds of thousands of counterfeit documents containing improperly obtained personal information, which he allegedly sold to his clients, who then allegedly provided this information to telemarketers.

## Charities

- In light of the tragic event in Las Vegas, Nevada Attorney General Adam Paul Laxalt [announced](#) that his office has begun diligently investigating reports of sham charities purportedly collecting donations on behalf of the victims. Additionally, Attorney General Laxalt [continues](#) to remove web pages and investigate reports of sham charities purportedly collecting donations on behalf of the victims. Also, the [coalition](#) of attorneys general offices assisting the Las Vegas victims has grown.
- New York Attorney General Eric T. Schneiderman [issued](#) a statement on the federal prison sentence of John Thomas Burch, Jr., president and founder of the shuttered National Vietnam Veterans Foundation. In November 2016, Attorney General Schneiderman shut down the National Vietnam Veterans Foundation, (the "NVVF"), and reached settlements with its former President and Founder, John Thomas Burch, Jr., and its Vice President, David Kaufman, after an investigation showed that NVVF was raising money through fraudulent misrepresentations.
- The West Virginia Attorney General's Office [says](#) to be careful when donating to third-parties that claim to represent a well-known charity. The office says that they've recently received reports of individuals soliciting donations in Morgantown, claiming they will benefit the American Red Cross.

## Legislation

- District of Columbia Attorney General Karl A. Racine has [introduced](#) legislation to temporarily prevent the major credit-rating bureaus from charging to freeze a consumer's credit.
- Illinois Attorney General Lisa Madigan [called](#) on the Illinois General Assembly to override Governor Rauner's veto of the Illinois Student Loan Bill of Rights.
- The Montana Department of Justice's Gambling Control Division [reminds](#) Montana nonprofit organizations that changes made by the 2017 Legislature to ease several restrictions on gambling-related nonprofit fundraising went into effect October 1, 2017.
- The Senate on Tuesday [voted](#) to scrap a rule adopted by a federal consumer agency headed by former Ohio Attorney General Richard Cordray which allowed Americans to join class-action lawsuits against their financial institutions.

## Veterans and Military News

- The Federal Trade Commission and Victory Media, Inc. have [reached](#) a proposed administrative consent agreement resolving allegations that Victory Media violated Section 5 of the FTC Act in connection with its promotion of post-secondary schools to military consumers.
- Illinois Attorney General Lisa Madigan [filed](#) a lawsuit against the Association for Wartime Veterans (AAWV) and Atlantis Marketing Solutions Inc., as well as AAWV's owner and president and the company's regional director for steering veterans and their families into costly insurance products they did not need.

## Just for Fun



- From Boo To Sue: Are [Haunted Houses](#) Liable For Scaring Their Visitors?
- Top 10 Legal [Cases](#) that Will Spook you!
- There's a [haunted house](#) in Orange County that is so scary, you have to sign a waiver to get in.

## Scam Alert



### Give Wisely to Help Shooting Victims

The FTC has [heard](#) from people about suspicious requests for donations. A little research will help consumers avoid a scam and ensure that any gift goes to a reputable charity that will use the money as the consumer intends.

## Upcoming Events

Webinar: Consumer Protection Partners Series-  
Collaboration between Attorneys General and the  
CFTC

November 14, 2017 | 2:00 PM EST

[More Information](#) ➤

Webinar: Charities Series-IRS Form 990 and other  
Information Sources

November 20, 2017 | 2:00 PM EST

[More Information](#) ➤

NAGTRI National Anatomy of a Complex Consumer  
Protection Case

December 5-8, 2017

Memphis, Tenn.

[More Information](#) ➤

NAGTRI National Consumer Protection 101

February 22-23, 2017

Atlanta, Ga.

Save the date-nominations open mid-November!

[More Information](#) ➤

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Catalog](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036  
Copyright © 2015 NAAG. All Rights Reserved.  
[Opt Out](#) | [Unsubscribe](#)





## Center for Consumer Protection Monthly

September 2017



### Consumer Chief of the Month: Parrell Grossman, North Dakota

While I did not particularly want to draw unnecessary attention to myself, I was unable to say no to Abby Stempson when she indicated that her first several choices for September “Chief of the Month” were unable to participate because they had important and significant responsibilities.

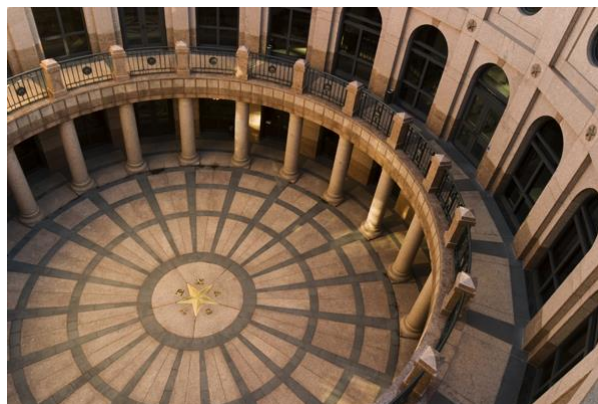
It has been my pleasure to serve as the Director of the North Dakota Attorney General’s Consumer Protection & Antitrust Division since 1996.

[Read More](#) ➤

### SCOTUS Update: Recent Bankruptcy Rulings

Jacob Petry, Assistant Attorney General, Office of the Attorney General, Texas

Two recent decisions from the Supreme Court of the United States have narrowed the protections available to consumers through the Fair Debt Collection Practices Act (FDCPA). In *Midland Funding, LLC v. Johnson*, 137 S.Ct. 1407 (2017), the Court held 5-3 that the filing in a bankruptcy court of an obviously time-barred proof of claim was not a violation of the FDCPA. In *Henson v. Santander Consumer USA Inc.*, 137 S.Ct. 1718 (2017), the Court held unanimously that a party who owns the debt it is attempting to collect is not a “debt collector” for purposes of the FDCPA. However, unanswered questions in *Henson* and calls for legislation in both decisions leave regulators and the industry with some uncertainty.



[Read More](#) ➤

## Attorney General News

- Washington Attorney General Bob Ferguson filed a [lawsuit](#) against Capital Medical Center in Olympia, alleging it repeatedly violated Washington’s Consumer Protection Act by withholding charity care from thousands of low-income patients. Attorney General Ferguson also [filed a lawsuit against St. Joseph Medical Center in Tacoma](#), alleging it repeatedly



violated Washington's Consumer Protection Act by withholding charity care from tens of thousands of low-income patients since at least 2012.

- Oklahoma Attorney General Mike Hunter is [urging](#) Oklahomans to use extreme caution when purchasing a used vehicle that may have been damaged by Hurricanes Harvey or Irma.
- Following a major data breach at credit reporting firm Equifax Inc., Massachusetts [Attorney General Maura Healey](#) filed an enforcement action over the company's failure to protect sensitive and personal information of nearly three million Massachusetts residents.
- Michigan Attorney General Bill Schuette [announced he has joined a multi-state investigation](#) with over 40 other state Attorneys General and has signed on to a letter to Equifax demanding the company improve its consumer response to the breach and take steps to refund those who have already paid for a credit freeze.
- Thirty-three Attorneys General [reached a \\$5.5 million settlement](#) with Nationwide Mutual Insurance Co, and its subsidiary, Allied Property & Casualty Insurance Co., resolving issues arising from a 2012 data breach. The settlement requires Nationwide to strengthen its security practices and ensure the timely application of patches and updates.
- Attorney General Ken Paxton [filed lawsuits against three Texas businesses](#), accusing them of unlawful price gouging while consumers were in need of fuel, shelter and other essentials as a result of Hurricane Harvey.
- New Mexico Attorney General Hector Balderas [issued](#) a Scam Alert regarding scammers who are calling people in the Santa Fe-area threatening to jail or fine them \$2,000 for failure to report to jury duty.
- Nevada Attorney General Adam Paul Laxalt, along with 31 other states, [announced a \\$3.5 million settlement with technology company Lenovo Inc.](#) The settlement aims to resolve allegations that the company violated state consumer protection laws by pre-installing software on laptop computers sold to Nevada consumers that made their personal information vulnerable to hackers.
- California Attorney General Xavier Becerra today [announced a default judgement](#) against Ningbo Beyond, an apparel manufacturing company based in China that operates in California. In operating its business, Ningbo Beyond did not pay licensing fees for software, including products manufactured by Adobe, Microsoft, Symantec and others. By not paying software licensing fees, Ningbo Beyond gained a significant cost advantage in the low-margin business of apparel manufacturing, shipment and sales. The judgment awards the State of California \$3.2 million in civil penalties and marks the second time the California Attorney General's Office has secured a legally enforceable judgement against an international company for this type of misconduct.

## Federal Consumer Protection News

- From the Federal Trade Commission: [The Equifax Data Breach: What to do?](#)
- The Securities and Exchange Commission [charged a sports radio personality and another New York City man](#) with stealing millions of dollars from investors who were allegedly promised their funds would be used for the purchase and resale of concert tickets of famed musicians like Adele.
- The Consumer Financial Protection Bureau [announced](#) that recent supervisory actions resulted in \$14 million in relief to more than 104,000 harmed consumers from January through June 2017.
- New Jersey, Florida, Arizona and Pennsylvania Men Latest to Plead Guilty in [Multimillion Dollar India-Based Call Center Scam Targeting U.S. Victims](#). Defendants pleaded guilty to conspiracy and passport fraud charges during the past month for their roles in liquidating and

laundering victim payments generated through a massive telephone impersonation fraud and money laundering scheme perpetrated by a network of India-based call centers.

- [Militaryconsumer.gov](http://Militaryconsumer.gov) is a joint initiative between federal agencies, several state attorneys general, and other partners to empower active duty and retired servicemembers, military families, veterans and civilians in the military community. These are free resources servicemembers can use as the first line of defense against fraud and to make better-informed decisions when managing money.

## Scam Alert



### Beware of Fake Charities Scams Relating to Hurricane Harvey

The Internal Revenue Service issued a warning about possible fake charity scams emerging due to Hurricane Harvey and encouraged taxpayers to seek out recognized charitable groups for their donations.

[More Information](#) ➡

## Upcoming Events

2017 NAAG Fall Consumer Protection Conference

October 23-25, 2017

St. Petersburg, Fla.

[Register Today](#) ➡

Webinar: Charities Series-Tools for Attorney General Enforcement and Compliance  
October 30, 2017 | 2:00 PM EST

[More Information](#) ➡

Webinar: Consumer Protection Partners Series-Collaboration between Attorneys General and the CFTC

November 14, 2017 | 2:00 PM EST

[More Information](#) ➡

NAGTRI National Anatomy of a Complex Consumer Protection Case

December 5-8, 2017

Memphis, Tenn.

[Nominations Open Now](#) ➡

**Blake Bee**, Program Counsel for the [Center for Consumer Protection](#), is the editor of *Center for Consumer Protection Monthly*, a compendium of information that may be of interest to the attorney general community and others interested in consumer protection. Neither the National Association of Attorneys General (NAAG) nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of the matters, nor as to the position expounded by the authors of the hyperlinked materials. Any use and/or copies of this newsletter in whole or part must include the customary bibliographic citation. NAAG retains copyright and all other intellectual property rights in the material presented in this publication. For content submissions or to contact the editor directly, please email [bbee@naag.org](mailto:bbee@naag.org) or call (202) 326-6263.



[Research & Newsletters](#)



[Course Catalog](#)



[Publications](#)



## About NAGTRI

**The National Attorneys General Training & Research Institute**, known as NAGTRI, was created in 2007 and serves as the research and training arm of the National Association of Attorneys General (NAAG). **NAGTRI's mission** is to provide high quality, responsive, and innovative training to state and territorial attorneys general offices.

1850 M Street NW, 12th floor, Washington DC 20036

Copyright © 2015 NAAG. All Rights Reserved.

[Opt Out](#) | [Unsubscribe](#)