

2017

**IN YOUR
CORNER
KANSAS**



KANSAS ATTORNEY GENERAL

Derek Schmidt

**Consumer Protection &
Antitrust Division**

Annual Report

January 1 – December 31, 2017

www.InYourCornerKansas.org

Message from Kansas Attorney General Derek Schmidt



STATE OF KANSAS
OFFICE OF THE ATTORNEY GENERAL

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May 2018

Dear Fellow Kansans:

It is my pleasure to present the 2017 annual report for our Consumer Protection Division as required by K.S.A. 50-628. This document also includes annual reports for the Kansas No-Call Act, the Kansas False Claims Act, the Kansas Roofing Registration Act, and antitrust enforcement.

The Consumer Protection Division combats fraud and other illegal business practices. As required by law, we work closely with local prosecutors and private litigants, but the bulk of consumer protection work in our state – more than 3,700 cases in the past year – is handled by our office. Consumer protection is one of our critical priorities.

Kansas consumers can expect from us fair, consistent and even-handed enforcement of the consumer protection laws. From identity theft to door-to-door sales, from the No-Call Act to the data breach statutes, our goal is to enforce the law in a way that provides justice and ensures that the rules are followed. In addition to helping consumers, this approach to enforcement is good for the Kansas economy by ensuring regulatory certainty for businesses.

During 2017, our office recovered more than \$61 million for Kansas consumers and taxpayers, a new single-year record for total recoveries. Of course, the best outcome is preventing fraud in the first place, so we have continued our efforts to educate consumers on scam prevention through presentations, literature and our interactive consumer protection website at www.InYourCornerKansas.org.

Thank you for the privilege of serving.

Best wishes,

A handwritten signature in black ink that reads 'Derek'.

Derek Schmidt
Kansas Attorney General

2017... By the Numbers

Consumer Savings...

\$1,296,840.60 – without litigation
\$49,704,858.86 – through litigation
\$51,001,699.46 – Total Consumer Savings

Penalties, Fees and Other Recoveries...

\$10,421,101.50 – Civil penalties and fees awarded
\$5,000.00 – No-call penalties awarded
\$121,500.00 – Roofing registration violation penalties awarded
\$329,750.80 – Antitrust fees
\$10,877,352.30 – Total Penalties, Fees and Other Recoveries

Total Savings and Recoveries... **\$61,879,051.76**

Investigative Requests...

3,753 Investigative Requests Received

Top Categories

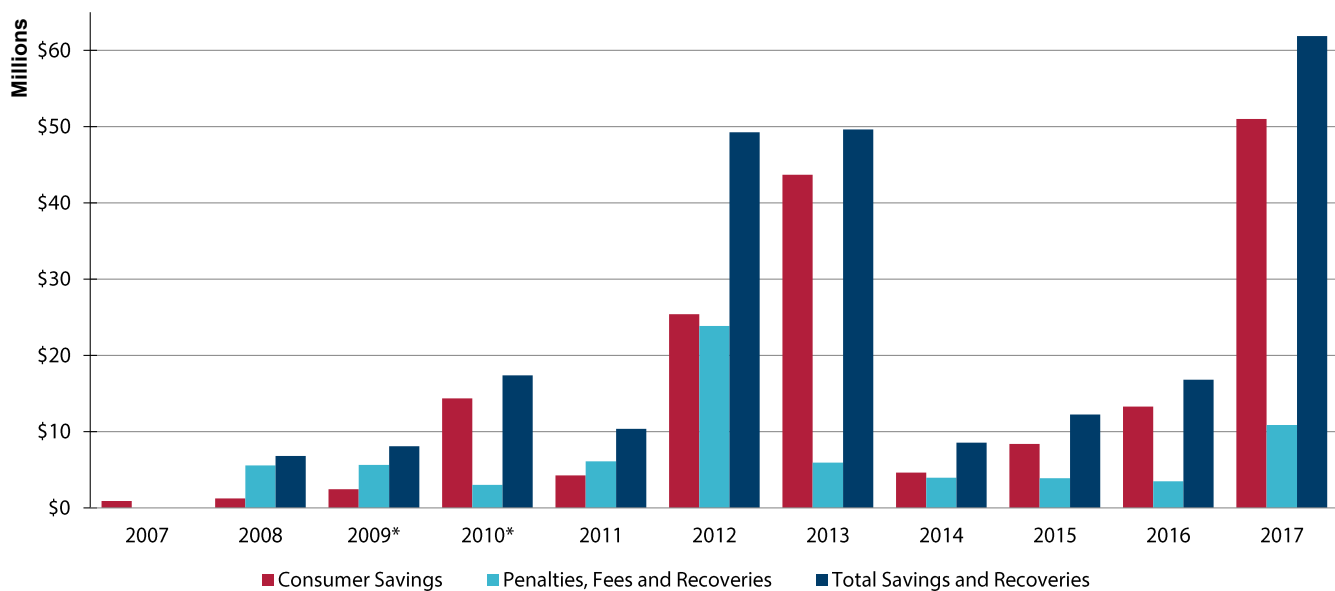
1. No-Call
2. General Services
3. Telephone Scam Calls
4. Used Car Sales Practices
5. Roofing Registration Violations
6. Identity Theft
7. Auto Repair and Service Problems
8. Cell Phone and Pager Services
9. Computer/Internet Sales
10. Collection by Agencies

3,593 Investigative Requests Closed

Top Categories

1. No-Call
2. General Services
3. Telephone Scam Calls
4. Identity Theft
5. Used Car Sales Practices
6. Roofing Registration Violations
7. Auto Repair and Service Problems
8. Cell Phone and Pager Services
9. Collection by Agencies
10. Computer/Internet Sales

Recovery Trends...

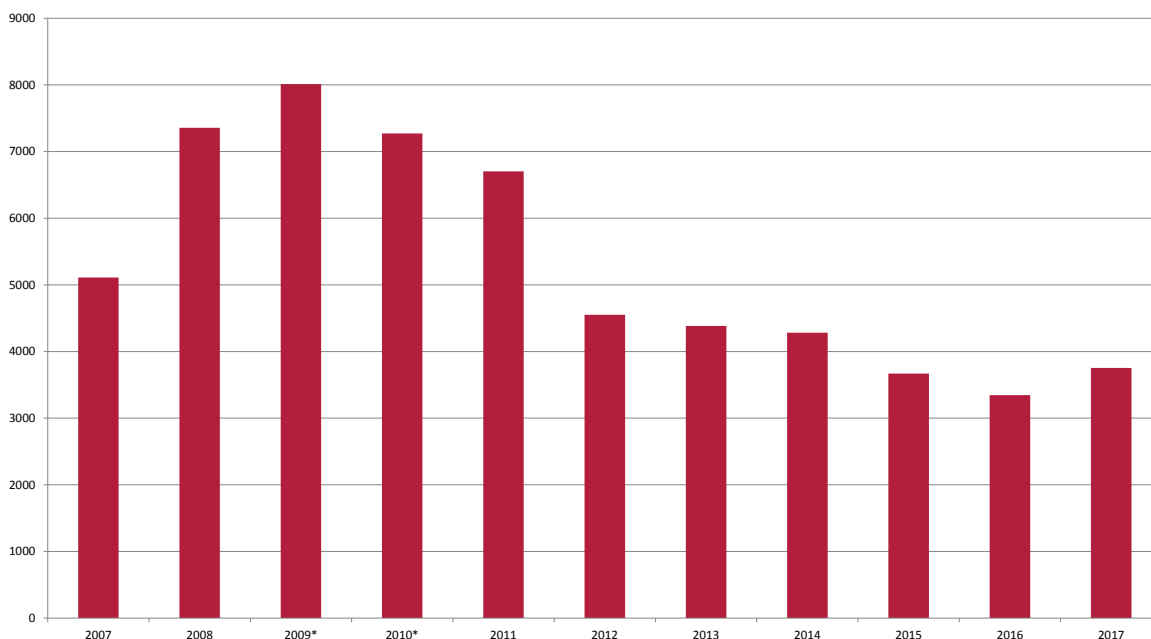


Consumer Savings includes savings without litigation and restitution ordered.

Data for penalties and fees was not reported separately prior to 2008.

*2009 and 2010 data were reported based on Fiscal Years.

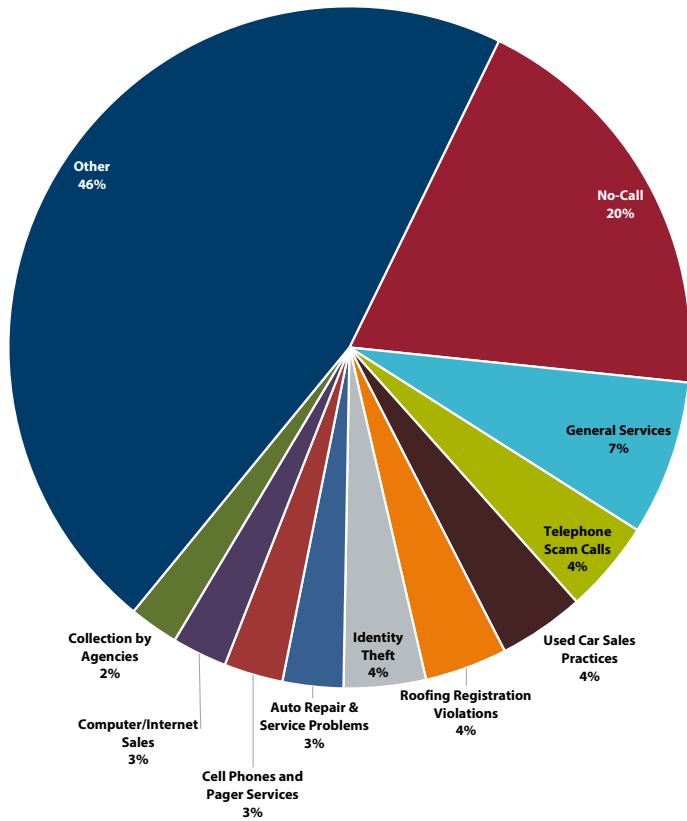
Investigative Request Trends...



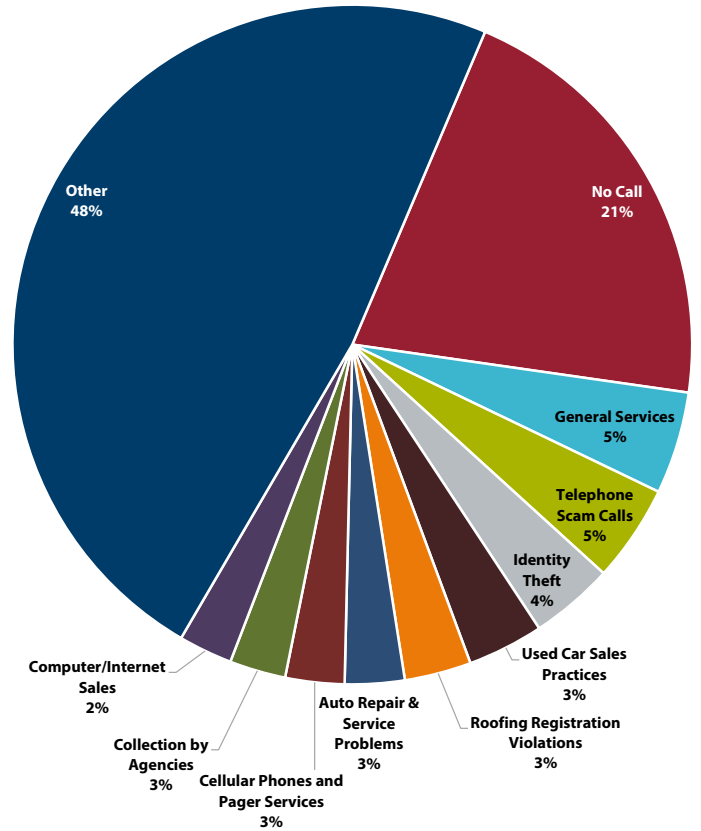
*2009 and 2010 data were reported based on Fiscal Years.

A new online investigation request system introduced in 2012 reduced the number of investigation requests by more accurately directing requests to other agencies in areas where the Attorney General's Office does not have jurisdiction.

Investigative Requests Received by Category (Total: 3,753)

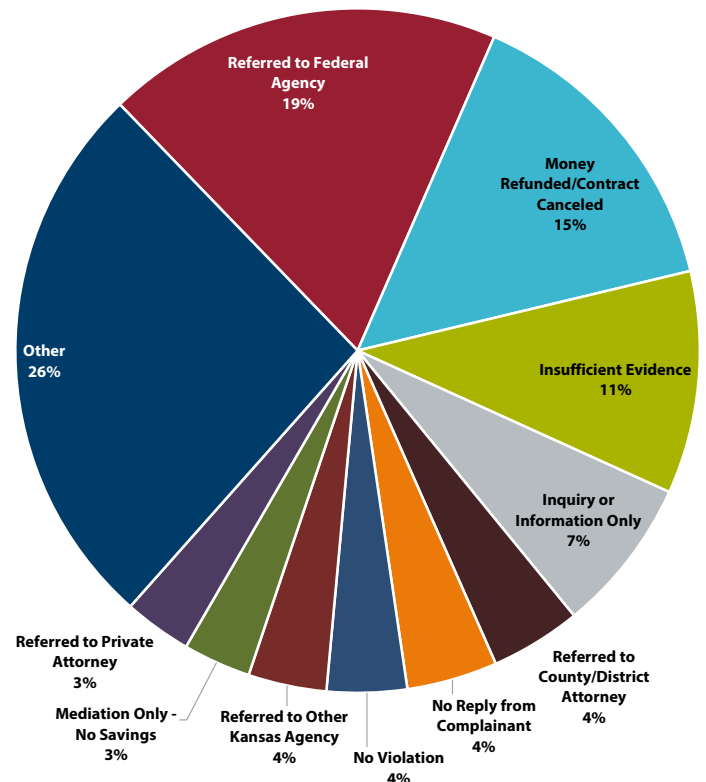


Investigative Requests Closed by Category (Total: 3,593)



Disposition of Complaints...

1. Referred to Federal Agency
2. Money Refunded/Contract Cancelled
3. Insufficient Evidence
4. Inquiry or Information Only
5. Referred to County or District Attorney
6. No Reply from Complainant
7. No Violation
8. Referred to Other Kansas Agency
9. Mediation Only – No Savings
10. Referred to Private Attorney



Consumer Education and Outreach

In addition to investigating and prosecuting violations of the Kansas Consumer Protection Act, the Division is responsible for providing educational presentations and sharing free materials with Kansas consumers. In 2017, Attorney General Schmidt and his staff participated in 102 events around Kansas.

Additionally, the Consumer Protection Division staff fielded more than 14,030 phone calls and answered 11,812 emails.

The *In Your Corner Kansas* website continues to provide resources every hour of every day to consumers who need assistance. In 2017, the website was visited by 35,876 unique users, with a total of 166,828 page views. Monthly *Consumer Corner* articles distributed state-wide provide timely warnings and updates on scams and important protection information. In 2017, staff began a major project of posting all past consumer judgement online in a searchable database. The first phase of that project is now online, with judgments back to 1995 available at www.InYourCornerKansas.org/judgments.

National Consumer Protection Week was again observed by providing consumers the opportunity to shred important personal documents for free in 10 locations throughout the state. More than 1,500 Kansans dropped off 80,062 pounds of documents for destruction. The office participated in Constitution Day in September by providing free pocket constitutions at the Kansas State Fair.



The attorney general's office, in conjunction with the American Bar Association, has acquired a traveling exhibit commemorating the 800th anniversary of the signing of the *Magna Carta*. In 2017, the office partnered with judges in four Kansas judicial districts to host the exhibit in their communities. Over the course of the year, more than 500 teachers and students were able to visit the display. The office plans to continue sharing the exhibit around the state in the coming years.

Attorney General Schmidt joined AARP Kansas Director Dr. Maren Turner for a tele-townhall with Kansas seniors discussing current scams and how to warn others to be on alert.

Legislative Update

Scrap Metal Theft Reduction Act

In 2017, the Legislature passed **Senate Bill 149**, which, among other things, delayed implementation of certain provisions of the Scrap Metal Theft Reduction Act (K.S.A. 50-6,109 et seq.) until January 1, 2019. Among those provisions suspended by SB 149 were:

- the requirement for the attorney general to establish and maintain a database as a central repository for information required to be provided under the Act;
- the statute allowing imposition of a civil penalty of \$100-\$5,000 on any scrap metal dealer who violates any of the provisions of the Act;
- a provision requiring scrap metal dealers to forward information to the database described above;
- the statutes allowing the attorney general to set and charge a registration fee of \$500-\$1,500 for each scrap metal dealer location and a renewal fee not to exceed \$1,500;
- provisions allowing the attorney general to conduct a criminal history background check on scrap metal dealer registration applicants to ensure compliance with the disqualifying criminal history requirements of the statute.

Because the attorney general no longer had authority to collect registration fees or charge a penalty for failure to register, the scrap metal dealer registration program was suspended effective June 1, 2017. The office continues to collect complaints from individuals who believe a scrap metal dealer has violated the remaining provisions of the statute.

Litigation Summary

Schmidt v. AltaCare Corporation d/b/a Pine Crest Nursing Center; Doug Mittleider, an individual; Florida Senior Housing Council, Inc.

Allen County, 2017-CV-33

Filed May 8, 2017

The attorney general filed suit for violations of the Kansas Consumer Protection Act, specifically the Wayne Owen Act. The Defendants allegedly failed to secure records that contained personal identifiers of their patients. The case remains pending.

Schmidt v. Carl E. Bailey and Taylor Bailey

Shawnee County, 2016-CV-163

Filed February 29, 2016

Dismissed January 23, 2017

The attorney general filed suit against the Defendants for violations of the Kansas Consumer Protection Act involving soliciting and door-to-door sales of home improvement services, including but not limited to asphalt driveways, to Kansas consumers. The Defendants failed to provide consumers with a written notice of their right to cancel the transaction and failed to give consumers a Notice of Cancellation form. The Defendants further negotiated checks given by the consumers as payment to banks prior to midnight of the fifth business day following the day the contract was signed or the property or services were purchased, and provided a falsehood as to the material fact regarding the services that the Defendant would perform for Kansas consumers. The case was dismissed as Defendants were unable to be located.

Schmidt v. Robert W. Blecha, Jr., an individual

Shawnee County, 2017-CV-691

Filed October 18, 2017

The attorney general filed suit for alleged violations of the Kansas Consumer Protection Act. The petition was filed for the purpose of obtaining a Temporary Restraining Order enjoining the Defendant from doing business in the State of Kansas until the Defendant obeys the previously issued subpoena duces tecum. The Temporary Restraining Order was granted on December 1, 2017. The case remains pending.

Schmidt v. Justin Bogina, an individual; Auto Acceptance Center Corp, a corporation

Shawnee County, 2017-CV-745

Filed November 3, 2017

The attorney general has filed suit for alleged violations of the Kansas Consumer Protection Act. The Defendants acted as “vehicle dealers” in the State of Kansas where they allegedly offered a limited warranty of merchantability and engaged in deceptive acts or practices. The case remains pending.

Schmidt v. Brelvis Consulting, LLC; d/b/a The Student Loan Help Center, LLC

Shawnee County, 2017-CV-662

Filed October 5, 2017

The attorney general filed suit alleged for violations of the Kansas Consumer Protection Act. The petition was filed for the purpose of obtaining a Temporary Restraining Order enjoining the Defendant from doing business in the State of Kansas until the Defendant obeys the previously issued subpoena duces tecum. The Temporary Restraining Order was granted on December 1, 2017. The case remains pending.

Schmidt v. Brelvis Consulting, LLC; d/b/a The Student Loan Help Center, LLC

Shawnee County, 2017-CV-833

Filed December 28, 2017

The attorney general has filed suit for alleged violations of the Kansas Consumer Protection Act. The Defendants allegedly, in the ordinary course of business and in exchange for a fee, solicited and provided for-cost “loan consolidation preparation service” to Kansas consumers. The case remains pending.

Schmidt v. Caney Guest Home, Inc., a corporation; d/b/a Caney Nursing Center; James R. Laidler, an individual

Montgomery County, 2017-CV-59C

Filed December 6, 2017

The attorney general filed suit for alleged violations of the Kansas Consumer Protection Act, specifically the Wayne Owen Act. The Defendants allegedly failed to secure records that contained personal identifiers of their patients. The case remains pending.

Kansas et al v. Caribbean Cruise Line, Inc., a Florida Corporation; Linked Service Solutions, LLC, a Florida Limited Liability Company; Economic Strategy, LLC, a Florida Limited Liability Company; Pacific Telecom Communications Group, a Nevada Co

U.S. District Court Southern District of Florida, 0:15-CV-60423-WJZ

Filed March 5, 2015

Consent Judgment obtained February 17, 2017

The attorney general, along with the Federal Trade Commission, filed suit against the Defendants for violations of the Telemarketing Sales Rule and certain state Do-Not-Call statutes. The Consent Judgment states that the Defendant is permanently banned from making “robo-calls” in the State of Kansas and was ordered to pay \$2,500 in penalties to the Federal Trade Commission.

Schmidt v. Click Next Marketing LLC et al

Shawnee County, 2017-CV-252

Filed April 13, 2017

Consent Judgment obtained April 14, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act, Consumer Credit Code and the Kansas Credit Services Organizations Act related to allegations that the Defendant engaged in the unlawful settlement of debt services in Kansas. The Defendant distributed custom mailers to Kansas consumers in an attempt to settle an alleged debt that was unverified and solicit business from Kansas consumers. The Consent Judgment awarded \$10,000 in investigative costs for violations of the Kansas Consumer Protection Act.

Schmidt v. Collect Pros

Shawnee County, 2017-CV-148

Filed March 2, 2017

Consent Judgment obtained March 7, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act involving the distribution of custom mailers to Kansas consumers in an attempt to collect a debt which contained numerous deceptive acts as defined under K.S.A. 50-626 and in violation of the Fair Debt Collection Practices Act. Additionally, the Defendant failed to obtain a proper license to operate as a debt collector. The Consent Judgment awarded \$1,000 in investigative fees and provided \$1,517.74 in consumer restitution.

Schmidt v. The Corporation Company, Inc.; CT Corporation Systems, Inc; ST2, Inc. d/b/a Searchtec, Inc; Farven, Inc. d/b/a Searchtec, Inc.; Searchtec, Inc.; Samantha Milner an individual and Candice Littich, an individual

Shawnee County, 2017-CV-23

Filed January 10, 2017

The attorney general filed suit for alleged violations of the Kansas Consumer Protection Act, specifically the Wayne Owen Act. The Defendants allegedly disposed of documents with personal identifying information in unsecured trash receptacles. The case remains pending.

Schmidt v. Court Ordered Programs, Inc.

Shawnee County, 2015-CV-955

Filed October 27, 2015

Consent Judgment obtained June 13, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act involving consumers' transactions in Kansas, knowingly (or with reason to know) making misrepresentations regarding the Defendant's sponsorship, approval status, affiliation or connection. The Defendant engaged in consumer transactions in Kansas and willfully displayed on its website, that the Defendant's batterers' intervention program was "certified" in the State of Kansas. The Consent Judgment awarded \$3,500 in investigative fees.

Schmidt v. Ditch & Associates, Inc.

Shawnee County, 2017-CV-697

Filed October 19, 2017

Consent Judgment obtained October 23, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act involving the Defendant charging a convenience fee of 3 percent to consumers who elected to use their credit cards in lieu of other forms of payment. Additionally, the Defendant misrepresented the credit card convenience fee by classifying it as a tax on their website. The Consent Judgment awarded \$5,000 in investigative fees and the Defendant is to refund all credit card convenience fees to all current consumers as of the entry date of the Consent Judgment. Disbursement of consumer restitution is ongoing.

Schmidt v. Isaac Duncan d/b/a Write Contracting Group

Sedgwick County, 2017-CV-1382-OT

Filed June 15, 2017

Consent Judgment obtained June 15, 2017

The attorney general filed suit against the Defendants for violations of the Kansas Consumer Protection Act involving the Defendant failing to consult the National Do Not Call Registry prior to making unsolicited consumer telephone calls in Kansas and also making or causing to be made unsolicited consumer telephone calls to Kansas consumers whose telephone numbers are listed on the National Do Not Call Registry. The Consent Judgment awarded \$2,500 in investigative fees for violations of the Kansas No Call Act.

Schmidt v. Joel Erskin Renovo Medical, LLC, d/b/a University Medical

Finney County, 2016-CV-46

Filed June 1, 2016

Consent Judgment obtained March 29, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act involving the Defendant administering a drug to Kansas consumers and representing to those patients that the drug administered was BOTOX®, while the Defendant had full knowledge that the drug administered was not. The Defendant failed to identify himself to patients as a physician's assistant and he provided medical services when he was not supervised by a physician. The Consent Judgment states that the Defendant is permanently enjoined from acting as a supplier in the medical field and is permanently enjoined from providing any medical

services or being employed by a provider of medical services. The Consent Judgment awarded \$22,800 in investigative fees and \$150,000 in suspended civil penalties along with \$14,577.60 in consumer restitution.

State v. Albert Jeffrey, an individual, d/b/a J. Boys Blacktop and d/b/a Asphalt Paving; Allen Jeffrey, an individual d/b/a J. Boys Blacktop and d/b/a Asphalt Paving; and George Young, an individual

Shawnee County, 2016-CV-930

Filed December 7, 2016

Default Judgment obtained March 22, 2017

The attorney general filed suit against the Defendants for violations of the Kansas Consumer Protection Act related to Defendants soliciting door-to-door sales of home improvement services including, but not limited to, the installation, sealing and repair of asphalt driveways to Kansas consumers. The suit alleged the Defendants failed to give the consumers notice of their three-day right to cancel, failed to provide a written receipt, and negotiated payment prior to midnight of the fifth business day following the transaction. The Default Judgment states that the Defendants are permanently enjoined from soliciting, advertising or otherwise engaging in the sale of home improvement and asphalt services in the State of Kansas. The Default Judgment awarded \$48,183 in consumer restitution, \$5,000 in investigative fees and expenses, \$180,000 in civil penalties and \$150,000 in enhanced civil penalties.

Schmidt v. Anthony Joe Jeffery a/k/a Tony Jeffery

Reno County, 2017-CV-168

Filed April 27, 2017

Consent Judgment obtained July 6, 2017

The attorney general filed suit against the Defendant related to violations of the Kansas Consumer Protection Act and the Kansas Roofing Registration Act. The Defendant conducted door-to-door sales in the State of Kansas and failed to provide consumers with a written notice of their three day right to cancel along with other violations. The Defendant further performed roofing services in the State of Kansas when he was not registered do to so with the Office of the Kansas Attorney General. The Consent Judgment states that the Defendant agrees to refrain and to be permanently enjoined from door-to-door sales and roofing sales. The Consent Judgment awarded \$10,001 in consumer restitution and \$10,000 in suspended civil penalties.

State of Kansas v. Travis D. Kaiser

Shawnee County, 2017-CR-686

Filed May 23, 2017

The attorney general filed suit for four violations of a consumer protection order, level 9 person felonies. The Defendant allegedly unlawfully, feloniously and knowingly participated in door-to-door sales; the solicitation and collection of payment for services in excess of \$25. The Defendant engaged in a sale in violation of a Court order entered under the authority of the Kansas Consumer Protection Act, under a Consent Judgment executed on February 22, 2016. The case remains pending. Charges are merely accusations. Individuals are presumed innocent unless and until proven guilty.

Schmidt v. Lifeco Environmental, LLC

Shawnee County, 2017-CV-672

Filed October 11, 2017

Consent Judgment obtained October 16, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act related to the distribution of prize notification mailers to Kansas consumers which contained numerous unconscionable acts. The Consent Judgment awarded \$10,000 in investigative fees and \$59.95 in consumer restitution.

Schmidt v. Jacobs Marsh, LLC and Joseph Arena

Shawnee County, 2017-CV-324

Filed May 15, 2017

Consent Judgment obtained May 17, 2017

The attorney general filed suit against the Defendants for violations of the Kansas Consumer Protection Act related to the Defendants collecting payments from and taking enforcement action against a Kansas consumer for a debt or obligation which originated as a supervised loan without having obtained or applied for a license. The Consent Judgment states that the Defendants agree to refrain and be permanently enjoined from all collection or enforcement activities in the State of Kansas on any accounts arising from a debt or obligations which originated as a supervised loan. The Defendants were to seek the dismissal of all pre-judgment collections litigation they initiated that remained pending in a Kansas court as of the effective date of this judgment. The Defendants agreed to file Satisfaction of Judgments in each case of collections litigation in which Defendants had obtained a judgment in a Kansas court. The Defendants were also ordered to correct the consumers' credit reports and correct negative tax implications for Kansas consumers. The Consent Judgment awarded \$7,572.74 in consumer restitution, \$7,500 in investigative fees and \$150,000 in civil penalties.

Schmidt v. Sunil Pahouja, an individual; Smart Club, LLC a/k/a Smart Club, LLC; Aroma Senses, LLC

Shawnee County, 2017-CV-586

Filed September 7, 2017

The attorney general filed suit for violations of the Kansas Consumer Protection Act. The lawsuit alleges the Defendants conducted a liquidation sale event in which they failed to provide consumers with a written notice of their right to cancel the transaction and provided material exaggeration, falsehood, or ambiguity. The case remains pending.

Schmidt v. Pearlie Mae's Compassion and Care, LLC, a corporation; Ann Marie Kaiser, an individual; Jenell Jones, an individual

Shawnee County, 2017-CV-429

Filed June 23, 2017

The attorney general filed suit for violations of the Kansas Consumer Protection Act, specifically the Wayne Owen Act. The lawsuit alleges the Defendants failed to secure records that contained personal identifying information of their patients. The case remains pending.

Schmidt v. John R. Provenzano, DDS

Sedgwick County, 2017-CV-555

Filed March 2, 2017

Consent Judgment obtained March 3, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act related to consumer transactions in which the Defendant willfully engaged in an oral or written exaggeration, falsehood, innuendo or ambiguity as to a material fact. The Defendant engaged in a consumer transaction in which the Defendant willfully failed to state a material fact and failed to exercise care to protect the personal information of a consumer from unauthorized disclosure. The Consent Judgment awarded \$7,000 in investigative costs and \$128 in consumer restitution.

Schmidt v. David J. Rosales, an individual d/b/a Rosales Plumbing; d/b/a Rosales Plumbing, LLC; d/b/a J & D Plumbing; and d/b/a Boss Construction, LLC

Johnson County, 2017-CV-4463

Filed August 8, 2017

Default Judgment obtained November 14, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act related to solicitation of plumbing and construction services to Kansas consumers. The Defendant informed Kansas consumers that he had a “master plumber” designation. The Defendant did not have a general contractor’s license or a plumber’s license; he was not insured or bonded; and the warranty he provided lacked material benefit because the property and/or services were not completed. The Default Judgment states that the Defendant is permanently enjoined from engaging, soliciting and applying for construction and plumbing services in the State of Kansas. The Default Judgment awarded \$65,770 in consumer restitution, \$160,000 in civil penalties, \$20,000 in enhanced civil penalties and \$6,237.82 in investigative fees.

Schmidt v. James W. Sperman d/b/a Greenfin Gardens

Pottawatomie County, 2017-CV-49

Filed October 20, 2017

Consent Judgment obtained November 8, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act related to the Defendant willfully omitting material facts regarding consumers’ transactions. The Defendant sold fig trees and fig cuttings via the internet when he knowingly did not have the supplies to complete the orders. The Consent Judgment awarded \$275 in investigative fees and \$699 in consumer restitution.

Schmidt v. Bryan Sean Sturrock

Shawnee County, 2017-CV-607

Filed September 15, 2017

Consent Judgment obtained September 20, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act related to the Defendant failing to consult the National Do Not Call Registry prior to making unsolicited consumer telephone calls in Kansas and also making or causing to be made unsolicited consumer telephone calls to Kansas consumers whose telephone numbers are listed on the National Do Not Call Registry. The Consent Judgment awarded \$2,500 in investigative fees for violations of the Kansas No Call Act.

Schmidt v. Eddie Raymond Tipton, an individual; Amy DeMoney, an individual; and Christopher McCoulskey, an individual

Shawnee County, 2017-CV-96

Filed February 10, 2017

The attorney general filed suit for violations of the Kansas False Claims Act. The Defendants allegedly committed fraudulent acts by knowingly making or causing to be made false claims for payment to the State of Kansas. The case remains pending.

Schmidt v. Jawad Yahya, an individual; a/k/a Mohammed Yahya; a/k/a Yahja Jaward; Yaja Collections, Inc., a foreign corporation; d/b/a Yahya Liquidation Sales; d/b/a Liquidation Station; d/b/a Nationwide Liquidation

Shawnee County, 2017-CV-624

Filed September 22, 2017

The attorney general filed suit for violations of the Kansas Consumer Protection Act. The Defendant allegedly engaged in door-to-door sales and failed to provide written notice of the consumers’ right to cancel the transaction. Sales were processed and negotiated prior to the five-day waiting period, and the Defendant offered counterfeit merchandise for sale. The case remains pending.

Multistate Litigation

General Motors Company

Shawnee County, 2017-CV-696

Filed October 19, 2017

Consent Judgment obtained October 23, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act related to an investigation into certain business practices concerning General Motors' issuance of recalls. The Multi-State investigation was prompted by reports of unintended key rotation related and/or ignition switch-related recalls in several models and model years of GM vehicles. The Consent Judgment awarded \$1,456,241.23 to be used for education and enforcement.

HSBC

U.S. District Court for the District of Columbia, 16-0199

Filed February 5, 2016

Consent Judgment obtained March 14, 2016

The United States of America, along with 50 states and the District of Columbia, filed suit against HSBC, alleging violation of, among other laws, the unfair and deceptive acts and practices laws of the plaintiff states, the False Claims Act, the Financial Institutions Reform, Recovery and Enforcement Act of 1989, and the Bankruptcy Code and Federal Rules of Bankruptcy Procedure. Final consumer restitution numbers were confirmed in 2017 in the amount of an additional \$631,670.82 to Kansas consumers.

Indivior, Inc., et al.

U.S. District Court for the Eastern District of Pennsylvania, 2:16-CV-5073 (MSG)

Complaint filed September 22, 2016

Amended Complaint filed November 16, 2016

The attorney general and the attorneys general of 34 other states and the District of Columbia, filed suit under seal against Indivior, Inc., f/k/a Reckitt Benckiser Pharmaceuticals, Inc., Reckitt Benckiser Healthcare (UK) Ltd, Indivior PLC, and MonoSol Rx, LLC alleging they engaged in an unlawful conspiracy to monopolize the market for the branded prescription drug Suboxone. An amended complaint was filed on November 16, 2016, which added additional state plaintiffs, bringing the total number of states to 42. The court dismissed claims against Reckitt Benckiser Healthcare (UK) Ltd and Indivior PLC on October 17, 2017. Litigation continues against Indivior, Inc. and MonoSol Rx, LLC.

Johnson & Johnson

Shawnee County, 2017-CV-353

Filed May 24, 2017

Consent Judgment obtained May 25, 2017

The attorney general entered into a Consent Judgment with Johnson & Johnson related to allegations that McNeil-PPC, now part of Johnson & Johnson Consumer Inc., advertised and distributed over-the-counter drugs that were not produced in compliance with Good Manufacturing Practices enforced by the FDA, while representing that they were. The Consent Judgment awarded \$495,906.19 in civil penalties.

Lenovo (United States) Inc.

Shawnee County, 2017-CV-578

Filed September 5, 2017

Consent Judgment obtained September 5, 2017

The attorney general filed suit against the Defendant for violations of the Kansas Consumer Protection Act related to the Defendant selling laptop computers to Kansas consumers with a pre-installed ad-injecting software

(“adware”) known as VisualDiscovery. VisualDiscovery delivered pop-up ads to consumers showing products sold by their retail partner, Superfish, Inc. Visual Discovery also operated a software which monitored and intercepted all of the user’s internet activity. The Consent Judgment awarded \$82,226.28 in civil penalties.

London Interbank Offered Rate (LIBOR)

Settlement with Barclays Bank PLC and Barclays Capital Inc. reached on August 8, 2016

Settlement with Deutsche Bank Aktiengesellschaft reached on October 25, 2017

The attorney general, with attorneys general from 44 other states, entered into a settlement agreement with Barclays Bank PLC and Barclays Capital Inc. in 2016, settling allegations related to manipulation of certain benchmark interest rates, including but not limited to the London Interbank Offered Rate (“LIBOR”) and the Euro Interbank Offered Rate (“Euribor”), and instruments referencing those rates. Settlement notice and claim forms were sent out to all affected government and not-for-profit entities, and \$125,401.05 was distributed to affected Kansas entities in 2017.

The states settled similar allegations with Deutsche Bank Aktiengesellschaft in 2017. Settlement notice and claim forms will be sent out to all affected government and not-for-profit entities in 2018. No monies related to this settlement had been distributed at the close of 2017.

Moody’s

Settlement obtained January 13, 2017

The attorney general entered into a settlement with Moody’s alleging it engaged in business practices relating to financial ratings that were unfair, deceptive, and unlawfully restrained trade and commerce, thus harming consumers. The settlement awarded \$3,066,092 in civil penalties.

Sprint Corporation

Assurance of Voluntary Compliance obtained June 30, 2015

The attorney general entered into an Assurance of Voluntary Compliance with Sprint for placing unauthorized third-party charges on consumers’ wireless telephone bills. In 2017, a total of 4,474 Kansas consumers received bill credits and cash refunds totaling \$391,585.92.

Target

Assurance of Voluntary Compliance obtained May 15, 2017

The attorney general entered into an Assurance of Voluntary Compliance with Target Corporation after the company suffered a breach of its computer systems, which contained consumer data including full names, telephone numbers, email addresses and mailing addresses, payment card numbers, expiration dates, CVV codes and encrypted debit PINs. Target Corporation agreed to pay \$224,878.94 for investigative fees, consumer education and advocacy programs. As part of the settlement, the company agreed to improve its data security protocols, policies and procedures.

T-Mobile

Assurance of Voluntary Compliance obtained December 17, 2014

The attorney general entered into an Assurance of Voluntary Compliance with T-Mobile for placing unauthorized third-party charges on consumers’ wireless telephone bills. Kansas consumers received restitution totaling \$285,158.35. The initial round of restitution in the amount of \$111,313.98 was confirmed in 2017, and a second round of restitution in the amount of \$173,844.37 was reported by the FTC in 2017.

Volkswagen

Shawnee County, 2017-CV-330

Consent Judgment obtained May 19, 2017

The attorney general entered into a Consent Judgment with Volkswagen after the Defendants violated Kansas consumer protection laws prohibiting unfair or deceptive trade practices by marketing, selling and leasing

diesel vehicles equipped with illegal and undisclosed defeat device software. The Consent Judgment awarded \$2,511,021.23 in penalties. As of the end of the year, \$48,219,764 has been issued in restitution to Kansas consumers. Restitution payments will continue to be paid out to consumers in 2018. Future payments will also be made to the State from the Volkswagen Environmental Mitigation Trust Fund, which will be overseen by the Kansas Department of Health and Environment, for specified projects to reduce nitrogen oxide emissions.

Western Union

Assurance of Voluntary Compliance obtained January 24, 2017

The attorney general entered into an Assurance of Voluntary Compliance with Western Union after consumers lost money due to a fraud-induced transfer using Western Union's wire transfer service. Western Union agreed to pay \$52,803.76 in investigative fees. As part of the settlement, the company agreed to improve its monitoring policies and procedures. Consumer restitution remains ongoing as of the end of the year.

Antitrust Investigations

The State of Kansas conducted investigations of companies for potential antitrust violations in the following areas:

- Agriculture Industry
- Financial Rate Setting
- Movie Theater Industry
- Pharmaceutical Drugs
- Telecommunications Industry

Antitrust Enforcement Actions

Multi State: State of New York, et al. v. Cephalon, et al.

U.S. District Court for the Eastern District of Pennsylvania, 2:16-cv-04234

Complaint filed August 4, 2016

Preliminary Approval of Settlement granted November 7, 2016

The attorney general and attorneys general from 47 other states and the District of Columbia filed concurrent complaints and motions for preliminary settlement on August 4, 2016, to settle claims against Cephalon, Inc., Teva Pharmaceutical Industries, Ltd., Teva Pharmaceuticals USA, Inc., and Barr Pharmaceuticals related to Defendants' unlawful anticompetitive conduct to delay generic entry of Modafinil, a drug indicated for the treatment of certain sleep disorders, including narcolepsy. Cephalon sells the brand name of the drug as Provigil. On November 7, 2016, the Court granted preliminary approval of the States' multistate settlement. \$1,663,229.18 was recovered for the State in 2017, the majority of which was restitution to the Kansas Medicaid program. Notice and claim forms were disseminated to affected consumers in 2017, and eligible Kansas consumers will receive restitution checks in 2018.

Municipal Bonds

Settlement with Natixis Funding Corp. reached February 18, 2016

Settlement with Societe Generale, S.A. reached February 22, 2016

The attorney general, along with attorneys general from 20 other states and the District of Columbia, entered into settlements with Natixis Funding Corp. and Societe Generale, S.A., to resolve accusations regarding a nationwide scheme to rig bids and engage in other anticompetitive conduct that defrauded state agencies, municipalities, school districts and not-for-profit entities in their purchases of municipal bond investments. These settlements follow prior settlements from 2010 and 2011 with Bank of America Corporation; UBS AG; JPMorgan Chase & Co.; Wachovia Bank N.A., a wholly-owned subsidiary of Wells Fargo & Company; GE Funding Capital Market Services, Inc.; and Martin Kanefsky, an individual broker related to similar conduct. The

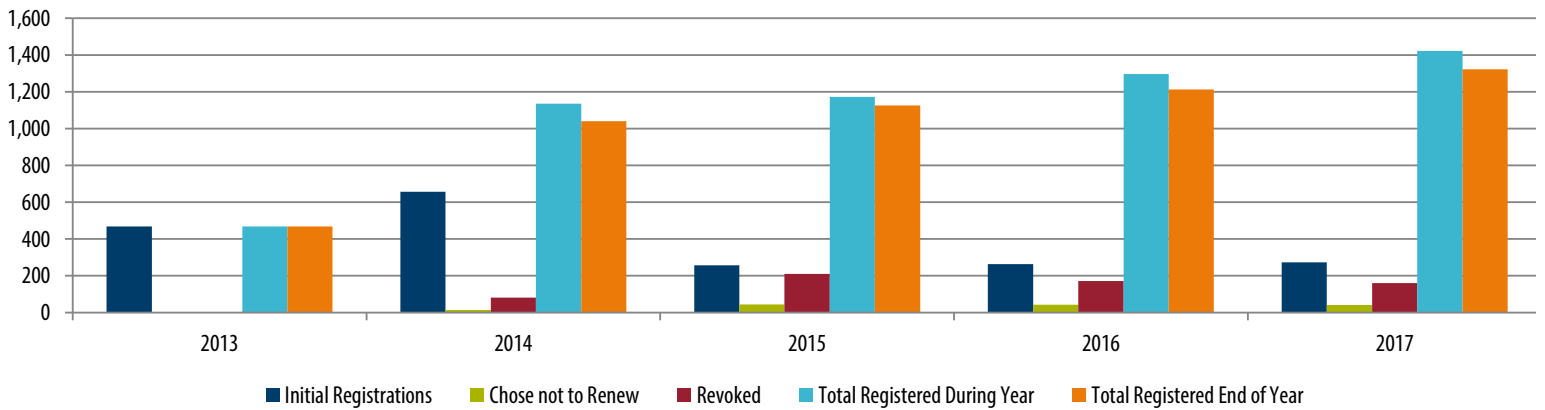
attorneys general cooperated with private class counsel in *In Re Municipal Derivatives Antitrust Litigation, MDL No. 1950 (S.D.N.Y.)*. Pursuant to the terms of the state settlements, affected Kansas entities received distributions through the class action settlement proceedings. Final funds were issued in 2017 totaling \$131,864.67.

Kansas Roofing Registration Act

2017 was the fourth full year of operation for the Roofing Registration Unit. In addition to processing registrations, staff from the unit traveled to 15 different locations to canvass storm-damaged locations and speak with consumers who were approached by roofing contractors. They also traveled to locations where complaints were filed against unregistered roofers in order to investigate potential violations of the Act.

- Initial registration certificates issued: 273
- Total roofing contractors registered during 2017: 1,422
- Roofing contractors who chose not to renew: 41
- Registration certificates revoked: 161
- New exempt general contractor affidavits: 6
- Total contractors in good standing at the end of 2017: 1,322

More information and a current list of registrants are available at www.ag.ks.gov/roofing.



Roofing Registration Act Enforcement Actions

Schmidt v. Arturo Acosta d/b/a Arturo's Construction

Meade County, 2016-C-V20

Filed December 29, 2016

Consent Judgment obtained January 3, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. All The Above, LLC

Johnson County, 2017-CV-4676

Filed August 17, 2017

Consent Judgment obtained August 21, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,000 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Shane Bailey d/b/a Bailey Construction

Bourbon County, 2017-CV-81

Filed October 12, 2017

The attorney general filed suit against the Defendant for allegedly violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The case remains pending.

Schmidt v. Branco Enterprises, Inc.

Shawnee County, 2017-CV-371

Filed May 30, 2017

Consent Judgment obtained June 6, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Endless Concepts Roofing & Contracting

Johnson County, 2017-CV-1623

Filed March 20, 2017

Consent Judgment obtained March 20, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Entrepreneurs Enterprises, LLC

Johnson County, 2017-CV-4431

Filed August 7, 2017

Consent Judgment obtained August 14, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Expert Roofing, LLC

Shawnee County, 2017-CV-180

Filed March 15, 2017

Consent Judgment obtained March 22, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$10,000 in suspended civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. FA Construction, LLC

Cherokee County, 2016-CV-107

Filed December 20, 2016

Consent Judgment obtained January 3, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Jesse Howard d/b/a Jesse Howard Roofing

Dickinson County, 2017-CV-73-OT

Filed June 27, 2017

Consent Judgment obtained October 12, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. McDavis Exteriors, Inc.

Jefferson County, 2017-CV-22

Filed April 21, 2017

Consent Judgment obtained April 21, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Evan Meier d/b/a Evan Meier Construction

Washington County, 2017-CV-3

Filed March 7, 2017

Consent Judgment obtained March 27, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Mike Rose Construction, LLC d/b/a Rose Roofing and General Contractors

Shawnee County, 2017-CV-110

Filed February 14, 2017

Consent Judgment obtained February 17, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$10,000 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Mike's General Contracting, LLC

Mitchell County, 2015-CV-13

Filed May 13, 2015

Consent Judgment obtained February 1, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$3,000 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. MSS

Johnson County, 2017-CV-3226

Filed June 6, 2017

Consent Judgment obtained June 6, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$5,000 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Nathan Reasons d/b/a RHCC d/b/a RHC Contracting

Wyandotte County, 2017-CV-337

Filed April 21, 2017

Consent Judgment obtained April 28, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$5,000 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. James (JR) Reynolds

Greenwood County, 2017-CV-2

Filed February 21, 2017

Consent Judgment obtained March 2, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$2,500 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Roof Missouri, LLC

Shawnee County, 2017-CV-616

Filed September 20, 2017

Consent Judgment obtained September 21, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$3,000 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Brock Shaddock

Jewell County, 2017-CV-7

Filed October 12, 2017

Default Judgment obtained November 22, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Default Judgment awarded \$10,000 in civil penalties for violations of the Kansas Roofing Registration Act, \$40,000 civil penalties for violations of the Kansas Consumer Protection Act, \$4,881.44 in consumer restitution and \$375 in investigative fees. The Defendant is permanently enjoined from doing business that violates the Kansas Roofing Registration Act and the Kansas Consumer Protection Act.

Schmidt v. John Shively d/b/a J&S Construction d/b/a J&R Remodeling

Shawnee County, 2017-CV-109

Filed February 16, 2017

Consent Judgment obtained October 17, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$10,000 in civil penalties and \$1,125 in consumer restitution. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Jason Stewart, an individual; APEX Contracting and Roofing; Apex C & R, LLC

Shawnee County, 2016-CV-834

Filed October 27, 2016

Consent Judgment obtained October 8, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$10,000 in suspended civil penalties and \$22,174.30 in consumer restitution. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Joshua White d/b/a Old Town Roofing & Remodeling

Sedgwick County, 2017-CV-2475

Filed October 27, 2017

Default Judgment obtained December 15, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Default Judgment awarded \$20,000 in civil penalties for violations of the Kansas Roofing Registration Act. The Defendant is permanently enjoined from doing business that violates the Kansas Roofing Registration Act and Kansas Consumer Protection Act.

Schmidt v. Wiesen Roofing LLC

Sedgwick County, 2017-CV-1327 OT

Filed June 7, 2017

Consent Judgment obtained June 7, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$6,000 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Schmidt v. Guestavo Zarate d/b/a Modern Storm Solutions

Wyandotte County, 2017-CV-420

Filed May 16, 2017

Consent Judgment obtained May 19, 2017

The attorney general filed suit against the Defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Consent Judgment awarded \$5,000 in civil penalties. The Defendant agreed to comply with the Kansas Roofing Registration Act while acting as a roofing contractor and performing roofing services in the State of Kansas.

Other Amicus Filings

In re: Google Cookie Placement

U.S. Court of Appeals for the 3rd Circuit, No. 17-1480

The attorney general joined 12 other states in filing an amicus brief objecting to a class action settlement related to Google's online "cookie" placement practices. The attorney general objected on the basis that the proposed settlement provided no money to class members, although it provided large fees to class counsel.

Henson v. Santander Consumer USA, Inc.

U.S. Supreme Court, No. 16-349

The attorney general joined 27 other states and the District of Columbia in filing an amicus brief arguing that a company that regularly attempts to collect debts it purchased after the debts had fallen into default is a "debt collector" subject to the Fair Debt Collection Practices Act.

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