

2016

**IN YOUR
CORNER
KANSAS**



KANSAS ATTORNEY GENERAL

Derek Schmidt

**Consumer Protection &
Antitrust Division
Annual Report**

January 1 – December 31, 2016

www.InYourCornerKansas.org

Message from Kansas Attorney General Derek Schmidt



STATE OF KANSAS
OFFICE OF THE ATTORNEY GENERAL

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Dear Fellow Kansans:

It is my pleasure to present the 2016 annual report for our Consumer Protection Division as required by K.S.A. 50-628. This document also includes annual reports for antitrust enforcement, the Kansas False Claims Act, the Kansas Roofing Registration Act, and the Scrap Metal Theft Reduction Act. Criminal cases previously handled by the Consumer Protection Division have been transferred to the newly created Fraud and Abuse Litigation Division.

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 3,000 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 the telemarketing laws to door-to-door sales, from the No-Call Act to the Lemon Law, our goal is to enforce the law in a way that provides justice and ensures that the law is followed. In addition to helping consumers, this approach to enforcement is good for the Kansas economy by ensuring regulatory certainty for businesses.

During 2016, our office recovered more than \$16.8 million for Kansas consumers and taxpayers. 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". The signature is written in a cursive, slightly stylized font.

Derek Schmidt
Kansas Attorney General

2016... By the Numbers

Consumer Savings...

\$1,502,966.56 – without litigation
\$11,797,880.63 – through litigation
\$13,300,847.19 – Total Consumer Savings

Penalties, Fees and Other Recoveries...

\$3,226,485.77 – Civil penalties and fees awarded
\$128,000.00 – No-call penalties awarded
\$51,500.00 – Roofing Registration Violation Penalties
\$99,293.40 – Antitrust Fees
\$3,505,279.17 – Total Penalties, Fees and Other Recoveries

Total Savings and Recoveries...

\$16,806,126.36

Investigative Requests...

3,345 Investigative Requests Received

Top Categories

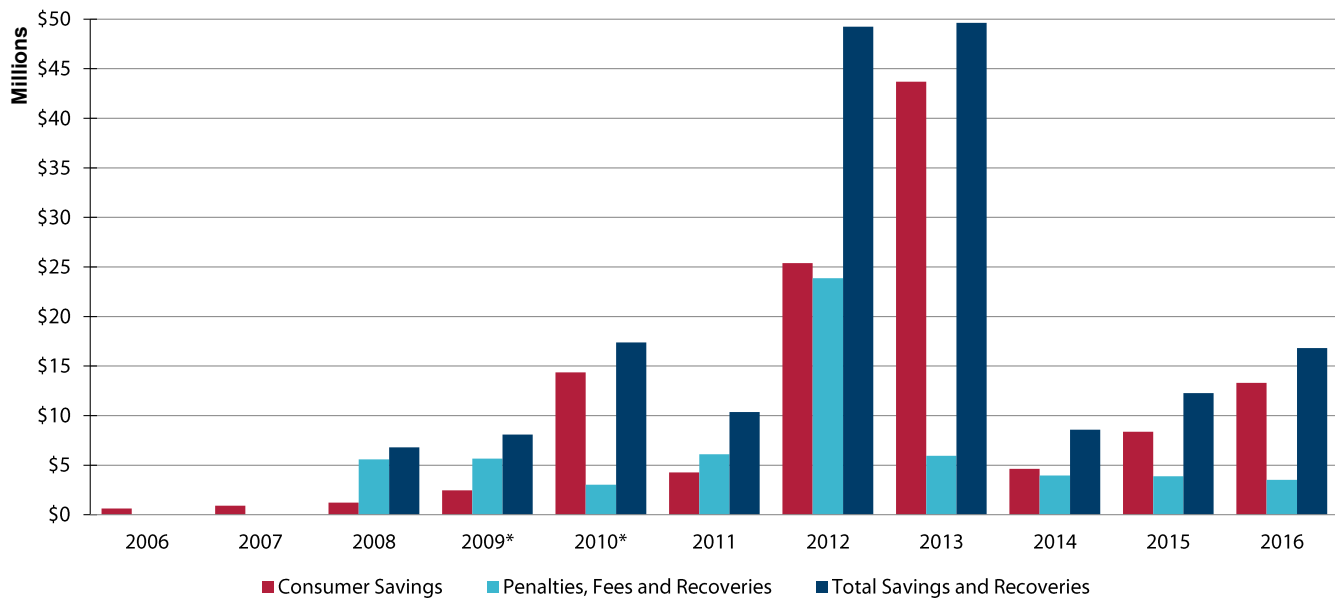
1. No-Call
2. Telephone Scam Calls
3. General Services
4. Used Car Sales Practices
5. Cell Phone and Pager Services
6. Identity Theft
7. Roofing Registration Violations
8. Computer/Internet Sales
9. Collection by Agencies
10. Auto Repair and Service Problems

3,715 Investigative Requests Closed

Top Categories

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

Recovery Trends...

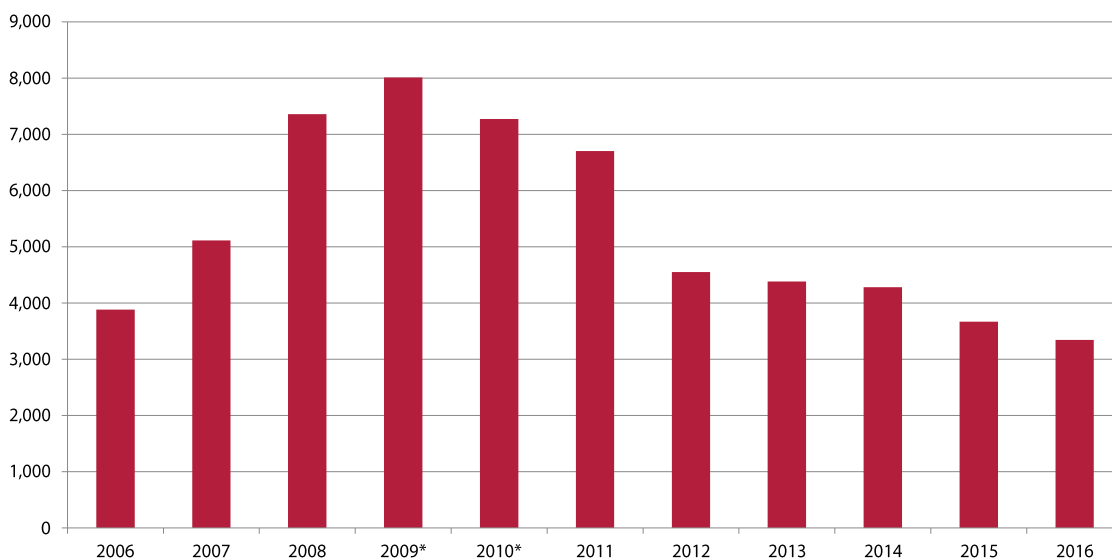


Consumer Savings includes savings without litigation, and restitution ordered.

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

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

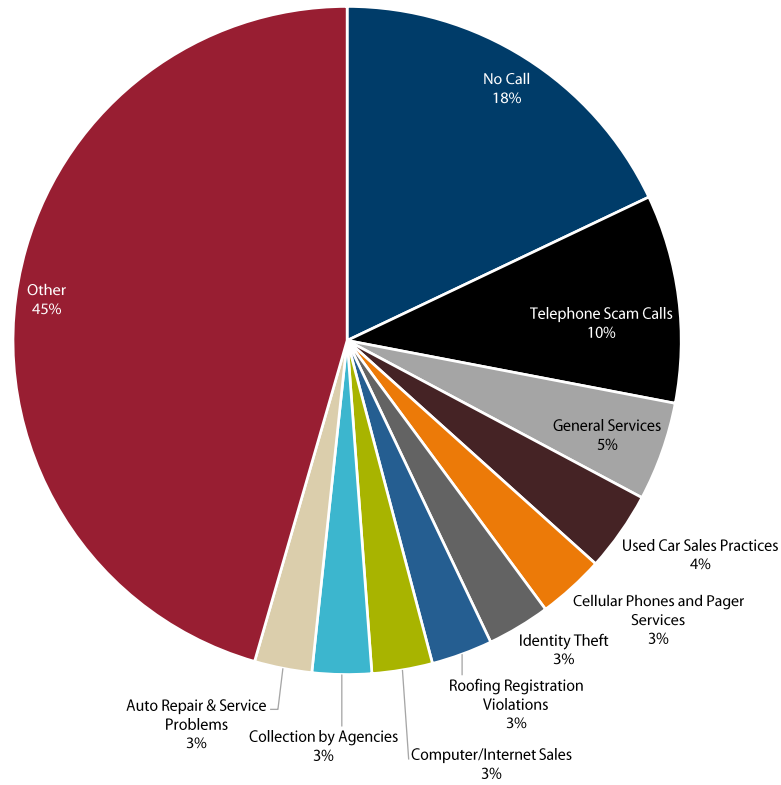
Investigative Request Trends...



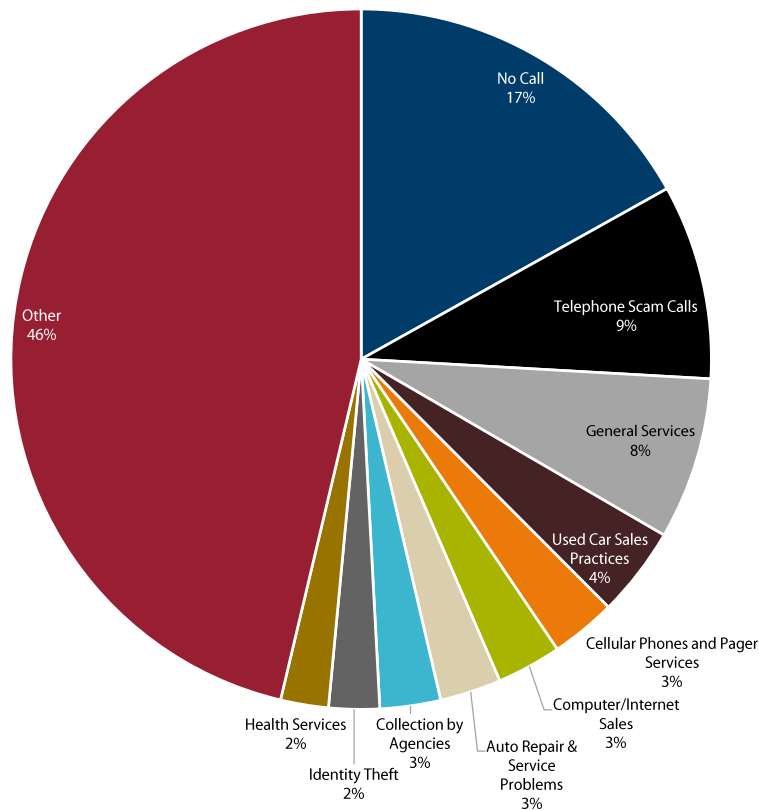
*2009 and 2010 data were reported based on Fiscal Years.

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: 3,345)

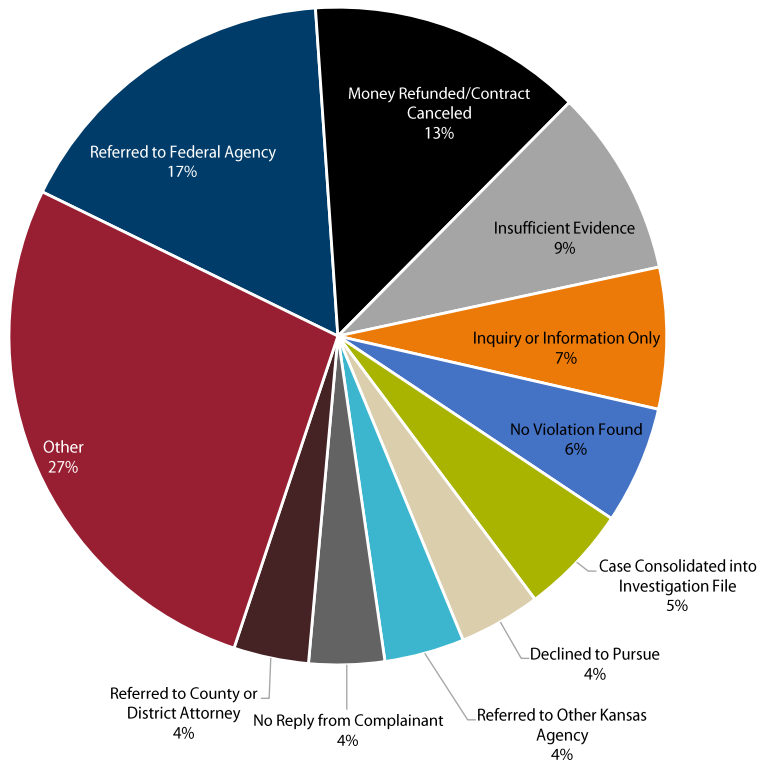


Investigative Requests Closed by Category (Total: 3,715)



Disposition of Complaints...

1. Referred to Federal Agency
2. Money Refunded/Contract Cancelled
3. Insufficient Evidence
4. Inquiry or Information Only
5. No Violation
6. Case Consolidated into Investigation File
7. Declined to Pursue
8. Referred to Other Kansas Agency
9. No Reply from Complainant
10. Referred to County or District 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 2016, Attorney General Schmidt and his staff participated in 96 events around Kansas.

Additionally, the Consumer Protection Division staff fielded over 14,882 phone calls and answered 10,667 emails.

The *In Your Corner Kansas* website continues to provide resources every hour of every day to consumers who need assistance. In 2016, the website was visited by 32,160 unique users, with a total of 160,492 page views. Monthly *Consumer Corner* articles distributed state-wide provide timely warnings and updates on scams and important protection information.

National Consumer Protection Week was again observed by providing consumers the opportunity to shred important personal documents for free in 12 locations throughout the state. More than 2,100 Kansans dropped off 100,281 pounds of documents for destruction. The office participated in Constitution Day in September by providing free pocket constitutions at the Kansas State Fair.

During the 2015 session, the Kansas Legislature passed the Scrap Metal Theft Reduction Act (House Bill 2048), which directed scrap metal dealers to register with the attorney general's office. The attorney general created the new Scrap Metal Theft Reduction Unit within the Consumer Protection Division to execute the new law. In 2016, 65 scrap metal dealers in 77 locations completed the registration process with the attorney general's office.



Attorney General Schmidt spoke to the Hugoton Chamber of Commerce in August as part of his "In Your Corner Kansas" consumer protection outreach program.

Litigation Summary

State v. Carl E. Bailey, an individual

d/b/a Bailey Construction; d/b/a Lone Star; d/b/a I.P.S. Asphalt Paving; d/b/a O.P.S. Asphalt Paving; and Taylor Bailey, an individual

Shawnee County, 2016-CV-163

Filed February 29, 2016

The attorney general filed suit against the defendants for violations of the Kansas Consumer Protection Act related to various door-to-door sales violations involving paving related services. The case remains pending.

State v. Best Cars KC, Inc.

Shawnee County, 2016-CV-710

Filed February 8, 2016

Consent Judgment February 8, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act. The consent judgment awarded civil penalties in the amount of \$2,000.00. The defendant agreed to comply with the Kansas Consumer Protection Act in all future transactions.

State et al v. Caribbean Cruise Line, Inc.; Linked Service Solutions, LLC; Pacific Telecom Communications Group; International Telephone Corporation; International Telephone, LLC; Telephone Management Corporation; T M Caller ID, LLC; Scott Broomfield, individually and as an officer, director or owner of Linked Service Solutions, LLC; Jason Birkett, individually and as an officer, director, or owner of Linked Service Solutions, LLC; and Jacob DeJongh, individually as an officer, director or owner of Economic Strategy, LLC; Fred Accuardi, individually and as an officer, director, or owner of Pacific Telecom Communications Group, International Telephone Corporation, International Telephone, LLC, Telephone Management Corporation and T M Called ID; and Steve Hamilton, individually and as an officer, director, or owner Pacific Telecom Communications Group

US District Court for the Southern District of Florida, 0:15-CV-60423-WJZ

Filed March 5, 2015

Consent Judgment reached with Caribbean Cruise Line, Inc. March 3, 2016

Consent Judgment reached with Steve Hamilton March 25, 2016

Consent Judgment reached with Linked Service Solutions, LLC March 25, 2016

Consent Judgment reached with Economic Strategy, LLC & Jacob DeJongh March 25, 2016

The attorney general, along with the Federal Trade Commission and attorneys general from nine other states, filed suit against the defendants for violations of the Telemarketing Sales Rule and certain state Do-Not-Call statutes. A total of \$31,995.47 in enforcement fees was awarded to the plaintiffs. A judgment against Pacific Telecom Cos and Accuardi remains pending.

State v. Carso, Inc.

d/b/a Supply House; d/b/a Coating and Chemicals; and Jack Caratozzolo, an individual

Shawnee County, 2015-CV-771

Filed August 21, 2015

Consent Judgment April 1, 2016

The attorney general filed suit against the defendant for violations of the Kansas No-Call Act and Kansas Consumer Protection Act. The consent judgment awarded investigative fees in the amount of \$5,000.00, civil penalties in the amount of \$3,000.00 for violations of the Kansas No-Call Act, and civil penalties in the amount of \$2,000.00 for violations of the Kansas Consumer Protection Act. The defendant consented to refrain, and to be permanently enjoined, from engaging in violations of the Kansas No-Call Act. The defendant further agreed to comply with all Kansas laws, statutes, rules and regulations relating to consumer transactions in Kansas, including the Kansas Consumer Protection Act.

State v. Central Regional Dental Testing Service, Inc.

Shawnee County, 2014-CV-222

Filed March 11, 2016

Consent Judgment March 14, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act. The defendant failed to properly dispose of confidential records. The consent judgment awarded investigative fees in the amount of \$70,000.00 and civil penalties in the amount of \$70,000.00 for violations of the Kansas Consumer Protection Act. The defendant agreed to comply with the Kansas Consumer Protection Act in all transactions involving consumers. The defendant also agreed to destroy confidential records by the hiring of a shredding service and to physically supervise the shredding of the confidential documents.

State et al v. Credit Acceptance Corporation

Shawnee County, 2016-CV-636

Filed August 17, 2016

Consent Judgment August 19, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act. The consent judgment awarded investigative fees in the amount of \$250,000.00 and consumer restitution in the amount of \$479,250.00. The defendant agreed to be permanently enjoined from supplying any documents to be used in any consumer transaction in Kansas which exclude, modify or otherwise attempt to limit the implied warranties of merchantability. The defendant agreed to maintain disclaimer language that fully complies with Kansas law. The defendant agreed to send notification to each affected consumer.

State v. Aaron Joshua Damm, an individual; Megan Weatherman, an individual; both individuals d/b/a Kaw Valley Roofing

Douglas County, 2014-CV-324

Filed September 9, 2014

Judgments November 4, 2016

The attorney general filed suit against the defendants for violations of the Kansas Consumer Protection Act related to various door-to-door sale violations involving roofing and home improvement projects. The judgment against Defendant Damm awarded investigative fees in the amount of \$4,575.00, consumer restitution in the amount of \$46,143.70 and civil penalties in the amount of \$25,000.00. The judgment stipulated that the defendants be permanently enjoined from violating the Kansas Consumer Protection Act and from violating the statutory requirements of door-to-door sales in the state of Kansas. The case against Defendant Weatherman was dismissed.

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

Finney County, 2016-CV-46

Filed June 1, 2016

The attorney general filed suit for violations of the Kansas Consumer Protection Act, alleging the defendant provided medical services as a physician's assistant he was not authorized to provide. The defendant also allegedly misrepresented the medical products and services he was providing to the consumer. The case remains pending.

State v. Financial Help Services Inc.

Shawnee County, 2016-CV-246

Filed March 21, 2016

Default Judgment May 17, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act. The default judgment awarded investigative fees in the amount of \$2,000.00, civil penalties in the amount of \$80,000.00 and consumer restitution in the amount of \$1,519.00. The defendant is permanently enjoined from engaging in acts and practices which violate the Kansas Consumer Protection Act.

State v. Benjamin D. George,**Jody Rookstool, KMR Medical, LLC; KPM Capital, LLC; Arizona Medical Supply, LLC d/b/a Western Medical Supply; and Medical Pendant Billing, LLC, d/b/a US Lifecare***Shawnee County, 2014-CV-597*

Filed June 17, 2014

Consent Judgment October 7, 2016

The attorney general filed suit against the defendants for violations of the Kansas Consumer Protection Act and the Kansas No-Call Act. The defendants engaged in telephone calls to Kansas consumers for the purposes of selling medical equipment. The consent judgment against the corporate defendants awarded \$10,000.00 in investigative fees. The defendants agreed to refrain, and to be permanently enjoined, from making or causing to be made unsolicited consumer telephone calls to any Kansas consumer. The defendants further agreed to comply with all Kansas laws, statutes, rules and regulations related to consumer transactions in Kansas and to comply with the Kansas Consumer Protection Act and the Kansas No-Call Act. The suit against Defendants George and Rookstool were dismissed.

State v. Albert Jeffrey, an individual, d/b/a J. Boys Blacktop and d/b/a Asphalt Paving; and Allen Jeffrey, an individual, d/b/a J. Boys Blacktop and d/b/a Asphalt Paving*Shawnee County, 2016-CV-930*

Filed December 7, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act related to various door-to-door sale violations involving roofing and home improvement projects. In the petition, the attorney general is requesting restitution, civil penalties and investigative fees against the defendant. The case remains pending.

State v. Jim Clark Leasing, Inc., d/b/a Jim Clark Auto World*Shawnee County, 2016-CV-482*

Filed June 21, 2016

Consent Judgment June 21, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act. The defendant engaged in advertising practices that were in violation of the Kansas Consumer Protection Act. The consent judgment awarded investigative fees in the amount of \$2,000.00 and civil penalties in the amount of \$2,000.00. The defendant agreed to comply with the Kansas Consumer Protection Act in all transactions involving Kansas consumers.

State v. Judson Enterprises, Inc., d/b/a K-Designers*Shawnee County, 2014-CV-1009*

Filed October 9, 2014

Consent Judgment February 9, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act and the Kansas No-Call Act. The consent judgment awarded investigative fees in the amount of \$14,500.00, civil penalties in the amount of \$80,000.00 for violations of the Kansas No-Call Act and civil penalties in the amount of \$15,500.00 for violations of the Kansas Consumer Protection Act. The defendant consented to refrain, and to be permanently enjoined, from engaging in violations of the Kansas No-Call Act. The defendant further agreed to comply with the Kansas Consumer Protection Act in all transactions involving Kansas consumers.

State v. Travis D. Kaiser, an individual d/b/a T's Lawn Service

Shawnee County, 2015-CV-910

Filed October 14, 2015

Consent Judgment February 22, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act related to various door-to-door sale violations involving lawn and home improvement projects. The consent judgment awarded investigative fees in the amount of \$2,960.00, civil penalties in the amount of \$20,000.00 and consumer restitution in the amount of \$78,661.89. The consent judgment stipulated that the defendant is permanently enjoined from engaging in door-to-door sales in the State of Kansas and from violating the Kansas Consumer Protection Act.

State v. Pete Knippenburg, an individual d/b/a Light It Up, LLC; d/b/a Light It Up Limos

Pottawatomie County, 2016-CV-33

Filed May 5, 2016

The attorney general filed suit against the defendant for violating the Kansas Consumer Protection Act. The defendant is currently enjoined from acting as a supplier and engaging in consumer transactions in the state. The case remains pending.

State v. Terrance Allen Kopet Jr., an individual, a/k/a T.J. Kopet; d/b/a Custom Water Consultants, LLC, a/k/a Custom Water; d/b/a Professional Water Solutions

Shawnee County, 2016-CV-310

Filed April 13, 2016

The attorney general filed suit against the defendant for violating the Kansas Consumer Protection Act. The defendant is currently enjoined from acting as a supplier and engaging in consumer transaction in the state. The case remains pending.

State v. Richard T. Schwartz, an individual d/b/a SAT/ACT Scholastic Achievement, a/k/a SAT/ACT Educational Testing

Shawnee County, 2015-CV-980

Filed November 3, 2015

Consent Judgment May 4, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act and the Kansas No-Call Act. The consent judgment awarded investigative fees and civil penalties for violations of the Kansas No-Call Act in the amount of \$10,000.00. The defendant consented to refrain and to be permanently enjoined from engaging from violations of the Kansas No-Call Act. The defendant further agreed to comply with the Kansas Consumer Protection Act in all transactions involving Kansas consumers.

State v. Trevor C. Turner, an individual

Shawnee County, 2016-CV-402

Filed May 25, 2016

Consent Judgment May 25, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act. The defendant acted as a "vehicle dealer" and engaged in acts and practices, including limited implied warranties of merchantability and fitness, on motor vehicles sold by him in the State of Kansas. The defendant also failed to disclose that a vehicle offered for sale by him was, in fact, for sale by a vehicle dealer. The consent judgment awarded investigative fees in the amount of \$5,000.00 and civil penalties in the amount of \$5,000.00. The defendant is enjoined from engaging in acts and practices in violation of the Kansas Consumer Protection Act. The defendant agreed to comply with the Kansas Consumer Protection Act in all transactions involving consumers.

**State v. Robert Walker, an individual,
d/b/a Walker Paving, d/b/a T & R Paving**

Shawnee County, 2016-CV-403

Filed May 25, 2016

Consent Judgment June 13, 2016

The attorney general filed suit against the defendant for violations of the Kansas Consumer Protection Act related to various door-to-door sale violations including driveway paving services, roof repair, installation of lighting protection equipment, cellulose installation and various other home improvement projects. The consent judgment awarded consumer restitution in the amount of \$33,890.00 and required the defendant to pay all court costs and other costs associated with the execution of the judgment. The consent judgment stipulates that the defendant is permanently enjoined from conducting business in Kansas.

Multistate Litigation

Affinity Gaming

Assurance of Voluntary Compliance obtained on October 25, 2016

The attorney general entered into an Assurance of Voluntary Compliance with Affinity Gaming after Affinity Gaming suffered breaches of its computer systems, which contained consumer credit card and debit card information. Affinity Gaming agreed to pay the Kansas Attorney General's office the amount of \$25,000.00 for investigative fees and consumer education and advocacy programs. As part of the settlement, the company agreed to improve its data security protocols, policies and procedures.

Billing Services Group North America, Inc., et al.

Assurance of Voluntary Compliance obtained on May 24, 2016

The attorney general entered into an Assurance of Voluntary Compliance with Billing Services Group of North America, Inc. to resolve an investigation into misleading or deceptive charges on a consumer's telephone bill. Billing Services Group of North America, Inc., agreed to pay \$40,000.00 for purposes that may include, but are not limited to, consumer redress, attorney's fees, and other costs of investigation, or to be placed in, or applied to, any consumer protection law enforcement fund, including future consumer protection or privacy enforcement, consumer education, etc. Litigation remains open on the second supplier in the matter.

Bristol-Myers Squibb Company

Filed December 8, 2016

Consent Judgment December 8, 2016

The attorney general entered into a consent judgment for violations of the Kansas Consumer Protection Act. The consent judgment awarded \$290,070.00 to be paid to the attorney general to be allocated for costs of the investigation, litigation, court fees and to be placed or applied to the consumer protection law enforcement fund, including future consumer protection enforcement, consumer education, or for other uses permitted by state law, including but not limited to consumer restitution.

Chase Bankcard Services, Inc., et al.

Assurance of Voluntary Compliance obtained July 8, 2015

The attorney general, along with 47 other states, entered into an Assurance of Voluntary Compliance with Chase Bankcard Services, Inc. and Chase Bank, USA, NA, to resolve a multistate investigation into Chase's credit card debt collection practices. The attorney general received consumer restitution checks totaling \$63,411.00 in 2016.

Classmates

Shawnee County, 2015-CV-000474

Filed May 26, 2015

Consent Judgment obtained May 26, 2015

The attorney general entered into a consent judgment with Classmates, Inc., to resolve a multistate investigation into Classmates' misleading advertising and billing practices. Final consumer restitution numbers for Kansas residents were confirmed in 2016 for a total amount of \$56,165.74.

Corinthian College

The attorney general, along with several other states, has been in coordination with the U.S. Department of Education to coordinate outreach to former students who are eligible for debt relief under the defense of repayment regulations. The attorney general has provided a list of affected Kansas consumers to a third party to reach out to those consumers.

Education Management Corporation, et al.

Shawnee County 2015-CV-001025

Filed November 16, 2015

Consent Judgment obtained November 18, 2015

The attorney general entered into a consent judgment in 2015 with the defendant, Education Management Corporation and its affiliates, including Brown Mackie College and the Art Institutes International, to resolve a multistate investigation into the defendant's advertising and recruiting practices. As a result of the consent judgment, 1,039 Kansas students have received loan forgiveness. The total forgiveness confirmed in 2016 is \$1,436,571.00.

FTC, 50 States, and DC v. Cancer Fund of America, Inc., et al.

D. Arizona, 2:15-CV-00884-NVW

Bankruptcy Court, E.D. Tenn., 3:16-bk-31413 SHB

Filed May 18, 2015

Cancer Fund of America, Cancer Support Services, and James Reynolds, Sr. on April 1, 2016

The attorney general, with 49 other states, the District of Columbia, and the Federal Trade Commission, filed suit against four cancer charities and the four individuals who ran them, alleging that all the defendants participated in a massive, nationwide fraud, by fund raising under the guise of helping people suffering from cancer, while using the lion's share of the funds for personal benefit and third-party solicitors. The states previously entered into settlements with two of the charitable defendants, The Breast Cancer Society and Children's Cancer Fund of America, and three individual defendants, Kyle Effler, Rose Perkins, and James Reynolds, Jr. in 2015, which were filed concurrently with the complaint. Litigation and related discovery continued against non-settling parties, Cancer Fund of America, Cancer Support Services, and James Reynolds, Sr. The parties reached a settlement agreement, and stipulations for a temporary receiver and preliminary injunction against Cancer Fund of America, Cancer Support Services, and James Reynolds, Sr. were filed on March 29, 2016. The court approved the stipulations and injunction on April 4, 2016. A receiver was appointed by the court to liquidate the assets of the charities.

Subsequently, Mr. Reynolds, Sr. filed for Chapter 7 bankruptcy and sought to discharge the judgment. The states and the Federal Trade Commission filed a complaint with the bankruptcy court asserting the nondischargeability of the judgment. The court entered the parties' stipulated judgment for nondischargeability of the debt on September 29, 2016.

HSBC

Filed on February 5, 2016

Consent Judgment received 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. They were ordered to pay consumer restitution totaling \$2,434,643.00 to Kansas consumers in 2016. Additional funds will be verified in following years.

Hyundai Motor Company

Hyundai Motor America, Kia Motors Corporation Inc., and Kia Motors America, Inc.

Shawnee County, 2016-CV-828

Filed October 27, 2016

Consent Judgment October 27, 2016

The attorney general entered into a consent judgment for violations of the Kansas Consumer Protection Act. The consent judgment awarded \$726,623.79 to be paid to the attorney general to be allocated for costs of the investigation, litigation, court fees and to be placed in or applied to, the consumer protection law enforcement fund including future consumer protection enforcement, consumer education, or other uses permitted by state law, including consumer restitution.

MoneyGram Payment Systems, Inc.

Assurance of Voluntary Compliance obtained on January 1, 2016

The attorney general entered into an Assurance of Voluntary Compliance with MoneyGram Payment Services, Inc. to resolve an investigation into consumers who were contacted by phone, U.S. mail, or the internet, and were fraudulently induced to send money to third parties involved in schemes to defraud the public using MoneyGram's wire transfer service. MoneyGram Payment Systems, Inc. agreed to pay \$20,000.00 in investigative fees. MoneyGram Payment Systems, Inc. further agreed to a comprehensive anti-fraud compliance program, timely and effective anti-fraud rules, streamlined placement of consumers on their internal watch list, limits on multiple transfers, agent's ability to place money transfers on hold, verification of identification information and multiple other training and safety regulations.

Moody's Corporation, et al.

The attorney general signed a Common Interest Agreement joining Kansas with several other states against the defendant for engaging in finance rating business practices that are unfair, deceptive, and unlawfully restrain trade and commerce, thus harming consumers. The matter remains pending.

National Mortgage Settlement

US District Court for the District of Columbia; 1:12-CV-00361-RMC

Filed March 12, 2012

Consent Judgments obtained April 4, 2012

The Monitor continued to assess the servicers' ongoing compliance with the settlement's mortgage servicing standards. Additional payments were made to the state in the amount of \$353,057.92. Additional information can be found on the Monitor's website at www.mortgageoversight.com.

SunTrust Mortgage, Inc.

US District Court for District of Columbia, 1:14-CV-01208 RMC

Filed June 17, 2014

Consent Judgment obtained September 30, 2014

SunTrust Mortgage, Inc. has continued to provide relief to Kansas Consumers in 2016. Five consumers received relief in the form of short sales or deeds in lieu of foreclosure that resulted in a savings of \$74,060 in 2016.

USA Discounters, LTD, d/b/a USA Living and Fletcher's Jewelers

The attorney general along with 49 other states received information that USA Discounters was engaging in misleading advertising in connection with the sale of their products to members of the U.S. military and their families, misleading or deceptive terms in financing contracts and unlawful debt collection practices in connection with the products sold/financed to service members. A settlement was reached with USA

Discounters and they agreed to: write off all accounts with balance for customers whose last contact was dated June 1, 2012, or earlier, and correct the negative comments from the company on the consumers' credit reports; apply a \$100.00 credit to all accounts; write off all judgments not obtained in the correct state; and credit all judgments that were obtained in the correct state. The settlement awarded \$765,530.00 in civil penalties and \$2,004,235.30 in consumer restitution. USA Discounters filed for chapter 11 bankruptcy in September of 2016.

Volkswagen/Porsche

Partial Settlement Agreement reached on June 27, 2016

The attorney general and the attorneys general of 43 states and territories entered into a settlement agreement with Volkswagen AG, Audi AG, Volkswagen Group of America, Inc. (d/b/a Volkswagen of America, Inc. or Audi of America, Inc.), Audi of America, LLC, Volkswagen Group of America Chattanooga Operations LLC, Dr. Ing. h.c. F. Porsche AG and Porsche Cars North America, Inc. resolving claims they 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 agreement is part of a series of state and federal settlements that will provide cash payments to affected consumers, require Volkswagen to buy back or modify certain VW and Audi 2.0-liter diesel vehicles, and prohibit Volkswagen from engaging in future unfair or deceptive acts and practices in connection with its dealings with consumers and regulators. Pursuant to the terms of the agreement, the settlement will be memorialized in a Kansas consent judgment in 2017.

Antitrust Investigations

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

- Pharmaceutical Drugs
- Agriculture Industry
- Financial Rate Setting
- Health Insurance Services
- Movie Theater Industry

Antitrust Enforcement Actions

Electronic Books Antitrust Litigation

State of Texas, et al. v. Penguin Group (USA) Inc., et al.

S.D.N.Y., 12-CV-03394-DLC, Civil Action NO. 11-md-02293 (DLC)

Second Amended Complaint Filed May 11, 2012

Judgment against Apple Granted July 10, 2013

Approval of States' Settlement with Apple Granted November 21, 2014

Second Circuit, No. 13-3857-cv

Appeal Filed October 16, 2013

Judgment against Apple Granted June 30, 2015

U.S. Supreme Court, No. 15-565

Petition for Certiorari filed October 28, 2015

Petition for Certiorari denied March 7, 2016

The attorney general, with attorneys general from 32 other states and territories, filed suit alleging that certain book publishers and their co-conspirators entered into an agreement to raise the retail price of electronic books

(“e-books”) and Apple acted as facilitator of the conspiracy. The states settled with the publisher defendants in 2013 and 2015.

The suit against Apple continued, and liability and damages issues were split into two separate proceedings. The liability trial was prosecuted jointly with the U.S. Department of Justice. The District Court ruled in favor of the states and the federal government. Apple appealed the decision to the Second Circuit. The Publisher defendants joined the appeal, claiming the ruling adversely affected them. A hearing was held December 15, 2014, and in a split decision, the Court upheld the District Court ruling. Apple then filed a petition for a writ of certiorari with the U.S. Supreme Court. The U.S. Supreme Court denied the petition for a writ of certiorari without hearing on March 7, 2016.

The states, in conjunction with the private consumer class, reached a settlement with Apple regarding damages on July 10, 2014. The District Court granted approval of the settlement on November 21, 2014. Pursuant to the terms of the settlement, the liability ruling of the Court dictates the amount of monetary damages awarded to the states and to the private class. The U.S. Supreme Court’s denial of Apple’s petition triggered the terms of the settlement. Kansas received a check in 2016 totaling \$496,466.99 which is the final combined payment of Kansas settlement monies from Apple and previously undisbursed funds from settlements with publishers Hachette, Simon & Schuster, HarperCollins, Macmillan and Penguin. These funds were deposited in consumer and antitrust accounts pursuant to the terms of the settlements and K.S.A. 75-715. Kansas consumers received an estimated \$5 million in restitution, primarily as credits directly from their e-books retailer, cumulatively from all six settlements. Consumer restitution was distributed in both 2014 and 2016.

London Interbank Offered Rate (LIBOR)

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

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 will be sent out to all affected governmental and not-for-profit entities in 2017. No monies were distributed in 2016.

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 will receive distributions through the class action settlement proceedings. No funds from these settlements were deposited at the close of 2016.

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

E.D. Penn., 2:16-cv-04234

Complaint filed August 4, 2016

Preliminary Approval of Settlement granted November 7, 2016

The attorney general and attorneys general from 48 other states and the District of Columbia, filed a concurrent complaint and motion 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. No settlement monies will be distributed until the court grants final approval of the settlement. The settlement fairness hearing is scheduled for July 25, 2017.

State of Wisconsin, et al. v. Indivior, Inc., et al.

E.D. Penn., 2:16-CV-5073 (MSG)

Complaint filed September 22, 2016

Amended Complaint filed November 16, 2016

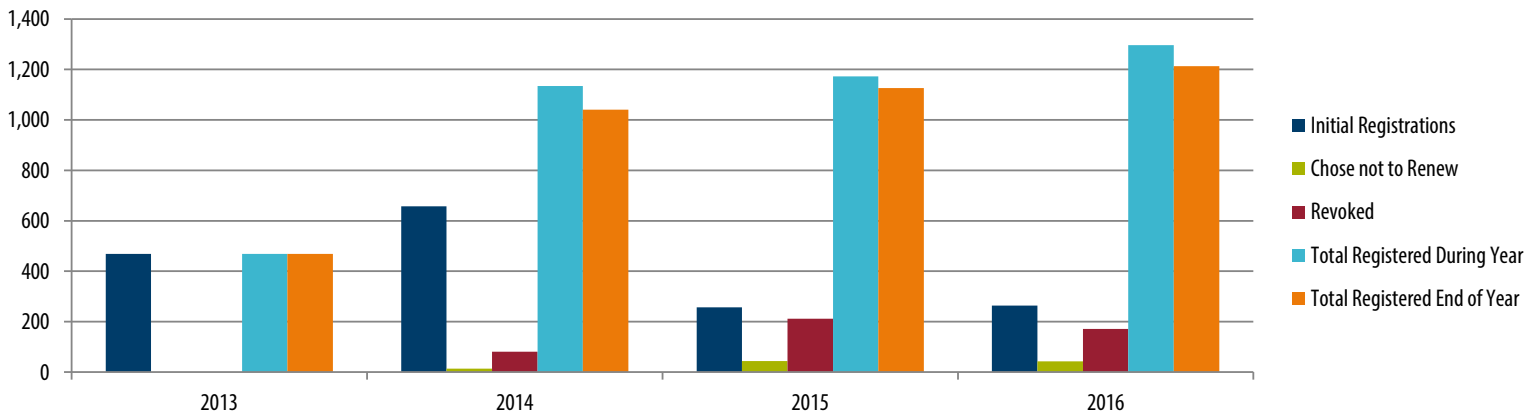
The attorney general and the attorneys general of 34 other states and the District of Columbia filed suit under seal against Indivior, Inc., f/k/a Reckitt Benckiser Pharmaceuticals, Inc., Reckitt Benckiser Healthcare (UK) Ltd, Indivior PLC, and MonoSol Rx, LLC, alleging they engaged in an unlawful conspiracy to monopolization of 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. Defendants filed motions to dismiss the case on December 12, 2016. At the close of 2016, the court had not yet ruled on these motions.

Kansas Roofing Registration Act

2016 was the third full year of operation for the Roofing Registration Unit. This was also the second year of the general contractor exemption amendment that was put into effect July 1, 2015. In addition to processing registrations, staff from the unit traveled to 23 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: 264
- Total contractors registered during 2016: 1,296
- Contractors who chose not to renew: 42
- Registration certificates revoked: 171
- New exempt general contractor affidavits: 20
- Total contractors in good standing at the end of 2016: 1,213

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



Roofing Registration Act Enforcement Actions

State v. Arturo Acosta, an individual d/b/a Arturo's Construction

Meade County, 2016-CV-20

Filed December 29, 2016

The attorney general filed suit against the defendant for violating the Kansas Roofing Registration Act. The case remains pending.

State v. Lyle Adarr, an individual d/b/a Adarr Construction

Crawford County, 2016-CV-56-P

Filed May 4, 2016

Consent Judgment May 5, 2016

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 \$2,000.00 in civil penalties and \$600.00 in consumer restitution. The defendant agreed to comply with the Kansas Consumer Protection Act and the Kansas Roofing Registration Act in all transactions involving Kansas consumers.

State v. Michael Allen Chapin, an individual

Dickinson County, 2015-CV-89

Filed July 24, 2015

Consent Judgment February 5, 2016.

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 \$5,000.00 in civil penalties for violations of the Kansas Consumer Protection Act. 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.

State v. Frank R. Corder, an individual d/b/a FRC Construction

Bourbon County, 2016-CV-185

Filed October 28, 2016

The attorney general filed suit against the defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The defendant is currently enjoined from acting as a roofing contractor in the state. The case remains pending.

State v. FA Construction, LLC

Cherokee County, 2016-CV-107

Filed December 20, 2016

The attorney general filed suit against the defendant for violating the Kansas Roofing Registration Act. The case remains pending.

State v. Griffin Roofing, LLC

Doniphan County, 2016-CV-55

Filed December 20, 2016

Consent Judgment December 21, 2016

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 \$10,000.00 in roofing registration 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. In compliance with the consent judgment, Griffin Roofing, LLC obtained a valid roofing registration.

State v. Sonny J. Peterson, an individual d/b/a S&J Carpentry/Roofing, S and J Carpentry, and S&J Carpentry

Jefferson County, 2016-CV-83

Filed October 28, 2016

The attorney general filed suit against the defendant for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The defendant is currently enjoined from acting as a roofing contractor in the state. The case remains pending.

State v. ProQor Roofing and Construction, LLC

Johnson County, 16-CV-2239

Filed April 14, 2016

Consent Judgment April 15, 2016

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 \$2,000.00 in roofing registration 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.

State v. Roof Prs, LLC, and Chase Beinke, an individual

Shawnee County, 2015-CV-495

Filed June 1, 2015

Consent Judgment January 8, 2016

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 \$2,000.00 in roofing registration 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.

State v. Rooftop Construction, LLC

Shawnee County, 2016-CV-954

Filed December 19, 2016

Consent Judgment September 26, 2016

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 \$2,500.00 in roofing registration penalties. The defendant agreed to comply with the Kansas Consumer Protection Act and the Kansas Roofing Registration Act in all transactions involving Kansas consumers. In compliance with the consent judgment, Rooftop Construction, LLC obtained a valid roofing registration.

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

Shawnee County, 2016-CV-834

Filed October 27, 2016

The attorney general filed suit against the defendants for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The defendants are currently enjoined from acting as a roofing contractor in the state. The case remains pending.

**State v. Mark Wagner, an individual; Susan Cuthill, an individual; Dollhouse, Inc.;
d/b/a MWR, Inc.; d/b/a Midwest Restorations**

Shawnee County, 2016-CV-415

Filed May 26, 2016

The attorney general filed suit against the defendants for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The defendants are currently enjoined from acting as roofing contractors in the state. The case remains pending.

State v. Williams & Sons Construction, LLC

Washington County, 2016-CV-4

Filed May 5, 2016

Consent Judgment August 15, 2016

The attorney general filed suit against the defendant for violations of the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The defendant agreed to comply with the Kansas Roofing Registration Act and Kansas Consumer Protection Act in all transactions occurring within the State of Kansas. In compliance with the Consent Judgment, the defendant obtained a valid roofing registration.

State v. Gregory E. Wright, an individual d/b/a Extreme Home Solutions

Shawnee County, 2015-CV-492

Filed June 1, 2015

Default Judgment April 13, 2016

The attorney general filed suit against Extreme Home Solutions and Gregory E. Wright for violating the Kansas Roofing Registration Act and the Kansas Consumer Protection Act. The Default Judgment awarded the amount of \$1,200.00 in consumer restitution and \$30,000.00 in roofing registration civil penalties. The defendant is permanently enjoined from doing business that will violate the Kansas Roofing Registration Act and the Kansas Consumer Protection Act.

Other Amicus Filings

New Mexico v. ITT Educational Services

New Mexico Court of Appeals, No. 35,278

The attorney general joined 18 other states in filing an amicus brief arguing that state attorneys general seeking consumer restitution should not be required to submit those claims to arbitration when the consumers signed arbitration agreements.

Jones v. United Healthcare Services

Southern District of Florida, No. 15-cv-61144

The attorney general joined 13 other states in filing an amicus brief as an objection to a class action settlement. The class action involved claims that a healthcare company improperly denied coverage for a drug, and the attorney general objected on the basis that the proposed settlement did not benefit the majority of the class members. Kansas had 29 class members affected.

In re: Expressions Hair Design v. Schneiderman

United States Supreme Court, No. 15-1393

The attorney general joined 9 other states and the District of Columbia in filing an amicus brief arguing that state laws prohibiting credit card surcharges, like K.S.A. 16a-2-403, do not violate the First Amendment. The case remains pending.

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