

STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: September 12, 2017

Re: DOJ Report to JFC

Attached is a report regarding money received by the Department of Justice under a court order or a settlement agreement for providing restitution to victims, pursuant to s. 165.25(10), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm



STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

BRAD D. SCHIMEL
ATTORNEY GENERAL

Paul W. Connell
Deputy Attorney General

Delanie M. Breuer
Chief of Staff

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September 11, 2017

SEP 12 2017
Jt. Finance

Secretary Scott Neitzel, Department of Administration
Members, Joint Committee on Finance

Dear Secretary Neitzel and Joint Finance Committee Members:

This report is submitted under s. 165.25(10), Wis. Stats., which requires a semiannual report regarding moneys received by the Department of Justice under a court order or a settlement agreement for providing restitution to victims.

During the period of July 1, 2016 to December 31, 2016, these restitution cases received and/or disbursed payments:

<u>Case</u>	<u>Received</u>	<u>Disbursed</u>
Lanham	\$1,500.00	\$0
Legal Helpers Debt Resolution, LLC	\$400,000.00	\$0
Classmates	\$130,872.94	\$130,872.94

Lanham made deceptive and misleading representation to consumers that the podiatry services would be covered by their health insurance knowing the service would not be fully covered or not covered at all. A decision as to how the restitution will be distributed will occur once the full settlement is received.

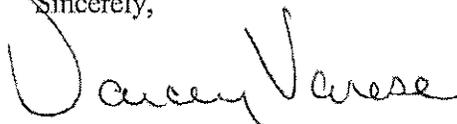
The State brought a consumer protection enforcement action against Legal Helpers Debt Resolution, LLC and its' officers, for providing unlicensed debt settlement services to 2,239 Wisconsin consumers. The company collected over \$12 million in illegal up-front fees and misrepresented that the services were legal services when they were not. Approximately 105 consumers complained to the State of Wisconsin and other entities about the LHDR's fraudulent practices. During the reporting period DOJ received \$400,000 towards the full settlement. Restitution will not be paid out until all installments are received which is expected to be in late 2017. The methodology for reimbursing victims is currently being developed.

Classmates did not properly disclose that memberships automatically renewed and

renewed at the full price. The State alleged the disclosures mislead the Wisconsin subscribers to believe they were signing up for a single subscription term, which instead was set to automatically renew. Classmates billed consumers for goods or services that the consumer had not agreed to purchase. Restitution was paid out to 8,992 Wisconsin claimants who filed complaints.

If you have any questions on this report, please contact me at (608) 266-9653.

Sincerely,

A handwritten signature in cursive script that reads "Darcey Varese". The signature is written in black ink and is positioned above the printed name and title.

Darcey Varese
Financial Manager