

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: February 14, 2018

Re: DOJ Report to JFC

Attached is a report regarding money received by the Department of Justice under a court order or settlement agreement for providing restitution to victims from the Department Justice, 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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TTY 1-800-947-8529

February 8, 2018

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 January 1, 2017 to June 30, 2017, these restitution cases received and/or disbursed payments:

<u>Case</u>	<u>Received</u>	<u>Disbursed</u>
Lanham	\$3,000.00	\$0
Legal Helpers Debt Resolution, LLC	\$200,000.00	\$517,124.55
Flat Rate Plumbing, Inc.	\$10,000	\$0
Uri Fried/The Timeshare Group/ The Timeshare Company	\$61,695.83	\$61,695.83

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 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 \$200,000 towards the full settlement. A total of \$1,000,000 has been received to date, with \$530,000 being designated for restitution purposes. In May 2017 \$513,852.30 was paid out to 94 consumers, and \$3,272.25 was paid out to one consumer in December 2017. Any further restitution payments will be accounted for in future reports.

Flat Rate Plumbing, Inc. made misrepresentations to consumers during in-home sales of plumbing and H/VAC goods and services. Two consent judgments provide for restitution to 10 homeowners in the total amount of \$73,627.25 after the full settlement is received. A timeframe for full payment to DOJ and payments to consumers is not clear as Flat Rate Plumbing is being liquidated and the judgments are part of the receivership estate.

Uri Fried/The Timeshare Group/The Timeshare Company made misrepresentations to consumers in the marketing of "timeshare disposal" services via website and direct-mail solicitation. Consent judgment provides for restitution to 14 consumers totaling \$31,695.83 for "timeshare disposal" and another \$30,000 to 7 resorts for revenues lost as part of the unlawful scheme. During the reporting period DOJ received the full amount of \$61,695.83 and paid the same amount out to 21 recipients.

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 dark ink and is positioned above the printed name and title.

Darcey Varese
Financial Manager