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# Wisconsin Legislative Council



Anne Sappenfield  
Director

TO: MEMBERS, JOINT COMMITTEE ON FINANCE

FROM: Anne Sappenfield, Director

RE: Department of Justice Settlements

DATE: June 6, 2024

This memorandum summarizes two proposed settlements that the Department of Justice (DOJ) submitted to the Joint Committee on Finance (JCF) for approval pursuant to s. 165.08 (1), Stats., in letters dated May 29 and June 5, 2024. The cases are summarized below. DOJ seeks approval of DOJ's notice of dismissal without prejudice for the first case<sup>1</sup> and approval of a proposed plan of resolution in the second.

## STATE OF PENNSYLVANIA V. CARDONA – AGENDA ITEM I

*State of Pennsylvania, et al., v. Cardona, et al.* (Case No. 20-cv-01468, U.S. District Court for the District of Columbia) is an action brought by 18 states, including Wisconsin, and the District of Columbia, challenging the authority of the U.S. Department of Education (department) under Title IX and the Federal Family Educational Rights and Privacy Act to promulgate a rule titled *Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance*. According to DOJ,<sup>2</sup> the parties have agreed to dismiss the action because the department has proposed a new rule. According to the parties, the new rule is consistent with prior practices under Title IX.

DOJ is requesting that JCF approve DOJ's notice of dismissal of the action without prejudice.

## DELAWARE V. PENNSYLVANIA AND WISCONSIN – AGENDA ITEM IA

*Delaware v. Pennsylvania and Wisconsin* (Case No. 22O145) was consolidated with *Arkansas, et al. v. Delaware* (Case No. 22O146) by the U.S. Supreme Court. In the case, the Court found that MoneyGram, a company incorporated in Delaware, improperly remitted unclaimed funds from official checks<sup>3</sup> to

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<sup>1</sup> When a case is dismissed without prejudice, the plaintiff is not precluded from bringing another suit based on the same grounds.

<sup>2</sup> See letter from Lara Sutherland, Administrator, and Winn Collins, Deputy Administrator, Division of Legal Services, DOJ, to JCF, dated May 29, 2024.

<sup>3</sup> "Official checks" are a line of prepaid money transfer products offered by MoneyGram and sold by financial institutions across the country.

Delaware. The Court found that these funds should have been paid to the states in which the official checks were purchased, including Wisconsin.

The proposed plan of resolution sets forth the distribution of the funds that Delaware owes to the various states. Under the plan, Delaware agrees to transfer more than \$102 million, which represents what MoneyGram remitted to Delaware between 2011 and 2017. Wisconsin's share is \$9,225,929.90. Remittances to Delaware from MoneyGram between 2018 and 2022 were placed in a litigation escrow account. Of the approximately \$89 million held in this account, Wisconsin's share is \$1,696,080.44 plus interest.

The proposed plan requires the various states, including Wisconsin, to assume custody of the funds and to pay any valid claims to the funds according to the state's unclaimed property law. According to DOJ,<sup>4</sup> pursuant to Wisconsin's unclaimed property law, all of the funds owed to Wisconsin must be paid to the Department of Revenue (DOR). DOR is required to deposit the funds into the Common School Fund, except for an amount estimated sufficient to pay claims and administrative expenses.<sup>5</sup>

Please let me know if I can provide any further assistance.

AS:ksm

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<sup>4</sup> See letter from Lara Sutherland, Administrator, and Winn Collins, Deputy Administrator, Division of Legal Services, DOJ, to JCF, dated June 5, 2024.

<sup>5</sup> Section 177.0801, Stats.