
BUDGET UNIT BRIEF – FY 2018

Fiscal Services Division

November 13, 2017



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

Consumer Education and Litigation Fund

Purpose

The Attorney General is charged with the enforcement of Iowa Code section 714.16, the Consumer Fraud Act. The Consumer Education and Litigation Fund is created in Iowa Code section 714.16C under the control of the Attorney General. The Fund is used for consumer education and investigation and prosecution of consumer fraud, and its use is restricted by law.

Funding

Receipts to the Fund include amounts received from State or federal consumer fraud judgments or settlements; civil penalties, costs, or attorney fees; amounts specifically directed to the Fund by judgments or settlements; and amounts that are designated by the judgments or settlements for use by the Attorney General for consumer litigation or education purposes. The year-end balance carries forward to the next fiscal year. Interest earnings remain in the Fund.

Receipts vary significantly from year to year, ranging from a low of \$1.4 million in FY 2016 to a high of \$9.2 million in FY 2013. The average balance carried forward for the period of FY 2015 through FY 2017 was approximately \$7.9 million annually. Expenditures averaged \$3.2 million annually over that same reporting period. The majority of expenditures consist of reimbursements to the Office of the Attorney General.

FY 2013 Receipts and Expenditures

The FY 2013 receipts were approximately \$9.2 million and included several settlements of significant amounts, including:

- Johnson & Johnson – \$3.3 million to settle complaints of off-label sales of the prescription drug Risperdal.
- Mortgage Servicing Settlement Fund transfer of \$1.4 million.
- Lending Processing Services – \$483,000 to settle complaints of robo-signing of foreclosure documents.
- Toyota Motor Sales – \$581,000 to settle complaints related to the unintended acceleration case.
- Glaxo-Smith-Kline – \$790,000 to settle complaints of off-label marketing of several prescription drugs.
- Quinn Street – \$2.5 million to settle a multistate action against this for-profit school web promoter. The \$2.5 million was directed to Iowa; the Office of the Attorney General transferred \$2.3 million to other states involved in the case and retained \$225,000. For information regarding this case, see www.iowaattorneygeneral.gov/newsroom/iowa-settles-investigation-of-for-profit-schools-web-promoter.

More Information

Office of the Attorney General: www.iowaattorneygeneral.gov
LSA Staff Contact: Laura Book (515.725.0509) laura.book@legis.iowa.gov

Appropriations

Iowa Code section 714.16C(2) makes two standing limited appropriations from the Fund to the Office of the Attorney General:

- \$1.1 million for public education related to consumer fraud as well as enforcement of Iowa and federal consumer fraud laws.
- \$75,000 for investigation, prosecution, and consumer education related to consumer and criminal fraud committed against older Iowans.

Related Statutes and Administrative Rules

Iowa Code chapter [13](#)

Iowa Code sections [714.16](#) and [714.16C](#)

Iowa Administrative Code [61](#)