

## Subcommittee Issues

### Attorney General's Office

- Provide a Table of Organization, a brief synopsis of each program or function within the Department of Justice, including FTE positions, and quantitative measures of success.
- Attorney General's Office – Approximately \$7.1 million of the budget is reimbursed from other State agencies, which is 44.2% of the Office's revenues. The Subcommittee may wish to review the amount reimbursed by agency and sources of funds.
- Legal Services Poverty Grants – The Department is requesting an increase of \$250,000 (35.7%) from the General Fund for FY 2002. The Subcommittee may wish to examine other revenue sources, such as federal funds and the Civil Reparations Trust Fund. In FY 2000, \$200,000 was expended from the Civil Reparations Trust Fund by the State Executive Council to provide legal services to farmers in poverty. According to the Office of the Attorney General, another \$200,000 will be expended during FY 2001. The Governor is recommending an increase of \$250,000 (35.7%) to provide additional funding for the Legal Services Corporation for legal services for eligible individuals in poverty.
- The Subcommittee Bill requires victim assistance grants to be awarded to care providers for domestic abuse, rape, and sexual assault victims. During FY 2000, 63 contracts were granted. The Subcommittee may want to review the Victim Assistance Program. The Governor is recommending an increase of \$75,000 (3.9%) to offset the loss of revenue generated by the tax form check-off.
- Victim Compensation – The Subcommittee may want to review the revenues sources, expenditure of funds, and balance brought forward. The Governor is recommending that Section 915.94, Code of Iowa be amended to provide \$100,000 to train victim counselors pursuant to Section 236A.1(b), Code of Iowa. Current law requires the funds to be used to provide services to victims and to compensate victims for certain economic losses incurred as the direct result of crime.
- The Subcommittee Bill provides a contingent appropriation of \$200,000 for the enforcement of the Iowa Competition Law. The appropriation is contingent upon the receipt of damages due to anti-trust lawsuits. During FY 2000, the Department received \$32,500. Of this amount, \$28,100 was reimbursed to the Attorney General's Office. Please review fund revenues and expenditures for the last several years, balances brought forward from previous years, and fund restrictions. Please provide an overview of the Toys R Us Settlement.
- The Subcommittee Bill provides a contingent appropriation of \$225,000 for consumer education to combat consumer fraud. The appropriation was contingent upon the receipt of damages due to consumer fraud lawsuits. During FY 2000, \$225,000 was utilized by the Attorney General's Office for consumer education and litigation. Please review fund revenues and expenditures for the last several years, balances brought forward from previous years, and fund restrictions. The Governor is recommending increasing the spending cap to \$375,000 (an increase of \$150,000). The Governor is recommending permitting up to \$300,000 (an increase of \$150,000) to be used for consumer education and up to \$75,000 for prosecution, investigation and consumer education relating to consumer fraud against older Iowans.

## **ATTORNEY GENERAL'S OFFICE**

### **PARTICIPANTS**

Eric Tabor - Chief of Staff

Doug Marek - Deputy/Criminal Bureau

Bill Brauch - Division Director/Consumer Protection Division

Marti Anderson - Division Director/Crime Victim Assistance Division

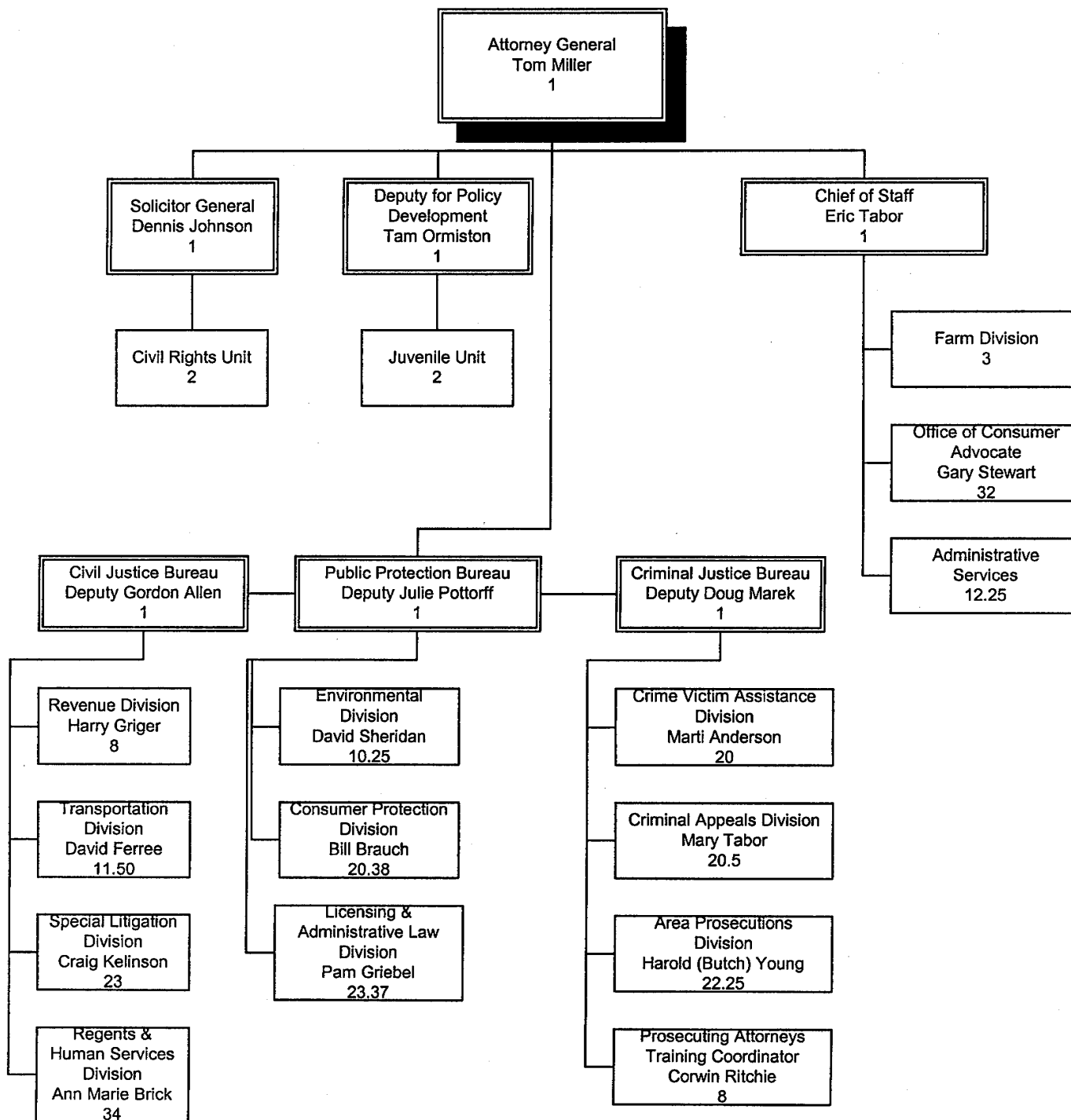
Karen Redmond - Executive Officer

John Pederson - Legislative Liaison

Dennis Groenenboom - Executive Director, Legal Services Corporation of Iowa

# Department of Justice

## Attorney General's Office FTE's



## ATTORNEY GENERAL

### AGENCY GOALS:

The Department of Justice's goals are to provide quality, professional legal representation to the State of Iowa, its agencies and departments; to guarantee effective enforcement of the state's criminal law by providing technical assistance to county attorneys and by upholding criminal convictions at the appellate level; to provide vigorous enforcement of the state's Consumer Fraud and Environmental laws; to provide written legal opinions to assist public officials in their duties; and to advocate for the interests of the State and its citizens.

### BUREAU DESCRIPTIONS:

#### ADMINISTRATION:

The goal of Administrative Services is to conduct the fiscal, personnel, automation, facilities, communications and policy development activities of the Office of Attorney General and Department of Justice.

#### PUBLIC PROTECTION:

The goal of the Public Protection Bureau is to provide direct services to the public in the civil law area and represent the licensing agencies of state government. The subunits within the bureau are the Environmental and Farm Divisions, the Consumer Protection Division, and the Licensing and Administrative Law Division.

#### CRIMINAL JUSTICE:

The goal of the Criminal Justice Bureau is to coordinate the activities within the office in the criminal law field. The bureau includes the Area Prosecutions Division which provides prosecution services at the request of county attorneys, the Crime Victim Assistance Division, the Criminal Appeals Division which represents the State on appeals and in federal habeas corpus actions and the Prosecuting Attorneys Training Program. The bureau also includes the Civil Rights Unit of the Office of the Attorney General which represents and advises the Civil Rights Commission. The Juvenile Unit is also included in this bureau.

#### CIVIL JUSTICE:

The goal of the Civil Justice Bureau is to represent various state departments and agencies. The bureau includes the Special Litigation Division, Regents and Human Services Division, Revenue Division and Transportation Division.

FY 2001 FTE'S: 199.50

FY 2000 PERFORMANCE MEASURES: New Cases Opened 2875  
Response To AG Opinion Requests 80

## LEGAL SERVICES POVERTY GRANT

### AGENCY GOALS:

Iowa Code section 13.34 requires the Attorney General to contract with non-profit organizations to provide legal assistance to eligible individuals in poverty. Contracts have been entered into with the Legal Services Corporation of Iowa and the Legal Aid Society of Polk County. These entities offer direct representation in civil litigation and administrative cases and technical support to eligible persons in poverty. This grant was established to offset federal budget reductions.

FY 2001 FTE'S

0.00

## CRIME VICTIM ASSISTANCE GRANTS

### AGENCY GOALS:

This program administers services in the Department of Justice that benefit victims of crime. Funds for local victim services, including federal victim of crime act funds and family violence prevention funds, are administered through this program. The state provides funding to be granted for domestic abuse programs, rape/sexual assault programs, and a statewide domestic abuse hotline.

FY 2001 FTE'S: 0.00

FY 2001 PERFORMANCE MEASURES:	Domestic Abuse Grants Awarded	34
	Rape/Sexual Assault Grants Awarded	33
	Domestic Abuse Average Grant	\$44,372
	Rape/Sexual Assault Average Grant	\$23,711

## CRIME VICTIM COMPENSATION FUND

### FUND GOALS:

The Victim Compensation Fund is part of the Crime Victim Assistance Program. This program provides funding for compensation to victims of crime. Victims receive reimbursement for costs associated with physical and emotional injury as the result of crime. This fund provides staff and support to administer this fund. Twenty FTE's are currently funded.

The caseload for the Crime Victims Assistance Program has increased dramatically over the past few years. The national caseload for an investigator in this field is 250 cases per year. Iowa's investigators handle twice the national average, 500 plus cases per year.

FY 2001 FTE'S: 20.00

FY 2000 PERFORMANCE MEASURES: The measure of success of this program can be expressed as a percentage derived by dividing the number of crime victims who received assistance under the program by the potential number of crime victims in Iowa who are eligible for assistance under the program.

Comparing all victims served by CVA (31,403) to total number of adult victims per Iowa Crime Survey 1998 (580,000), the percentage served is 5%.

## PROSECUTING ATTORNEYS TRAINING

### AGENCY GOALS:

1. Maintain and meet the statutory requirements of Iowa Code Chapter 13A and 679 and provide research assistance to prosecuting attorneys, law enforcement personnel, and legislators. 2. Maintain active liaison with the courts, executive department, General Assembly, Attorney General, law enforcement agencies and alternative justice agencies. 3. Publish and distribute specialized manuals and publications to assist prosecutors in the execution of their duties. 4. Develop and implement standards of conduct for prosecutors which will help to avoid conflicts of interest and encourage more uniform prosecution in all counties. Assist prosecutors and the general public in resolution of complaints and problems which involve questions of ethical conduct. 5. Provide a video tape, audio tape and publications library for the use of prosecutors. 6. Monitor and relay information that could impact on the criminal justice system, county government or county attorneys' functions and responsibilities through the publication of a monthly newsletter and by other means. 7. Develop and present specialized and general courses of instruction in areas of current need, including a school for new prosecutors, annual training and conferences, and regional workshops on new legal issues established for each.

### DIVISION DESCRIPTIONS:

#### ADMINISTRATION PATC:

Keeping prosecuting attorneys informed of developments in law and other matters pertinent to their functions in order to foster an efficient, ethical, and uniform system of prosecution throughout the counties. This entails: publication and dissemination of newsletters, manuals, directories and handbooks; standardization of forms and practices; provision of oncall research assistance; maintenance of liaison with the legislature and other state agencies; the conducting of relevant surveys and studies; and the joint sponsorship of conferences for law enforcement personnel and prosecuting attorneys.

#### PROSECUTING ATTORNEYS TRAINING:

9 Planning and coordinating continuing legal education programs for county attorneys, their assistants and the prosecutors in the Department of Justice; establishing goal-oriented programs to determine and meet training needs; conducting both comprehensive and specialized training seminars for prosecuting attorneys and their staffs on timely subjects pertinent to administration of criminal justice and civil representation of county government.

FY 2001 FTE'S

6.00

FY 2001 PERFORMANCE MEASURES:

Newsletters Published	10
Counties In Training	99



**PROSECUTING ATTORNEYS AREA GASA**

**AGENCY GOALS:**

Federal funds and state match used to enhance drug prosecution are accounted for in this appropriation. Federal funds are received through the Governors Alliance on Substance Abuse. Federal funds are awarded directly to the counties for drug prosecutors, while federal and state matching funds are awarded to the Prosecuting Attorneys Training Council for training and coordination of the drug prosecutors.

**FY 2001 FTE'S:** 2.00

**FY 2001 PERFORMANCE MEASURES:** Counties Served By Grant-Funded Prosecutors 29  
Counties Provided Technical Assistance 99

## OFFICE OF CONSUMER ADVOCATE

### AGENCY GOALS:

The Office of Consumer Advocate: 1. Investigates legality of all rates, charges, regulations, and practices of all persons under the jurisdiction of the Utilities Division of the Department of Commerce and Industry and institute civil proceedings before the Utilities Board or any court to correct any legality on the part of any such person. 2. Acts as attorney for and represents all consumers generally and the public generally in all proceedings before the Utilities Division. 3. Institutes as a judicial party review of any decision of the Utilities Division, if the Consumer Advocate deems judicial review to be in the public interest. 4. Appears for all consumers generally and the public generally in all actions instituted in any state or federal court which involve the validity of a rule, regulation, or order of the Utilities Division. 5. Acts as attorney for and represents all consumers generally and the public generally in proceedings before federal and state agencies and related judicial review proceedings and appeals, at the discretion of the Consumer Advocate.

FY 2001 FTE'S 32.00

FY 2000 PERFORMANCE MEASURES	Rate Case Proceedings	13
	Non-Rate Case Proceedings	488
	Court Cases	4
	Energy Efficiency Proceedings	30

**ATTORNEY GENERAL REIMBURSEMENTS  
AGENCIES, FUNDS, BOARDS, INTERNAL FUNDS, GRANTS**

<b>Agency Name</b>	<b>Actual 97</b>	<b>Actual 98</b>	<b>Actual 99</b>	<b>Actual 00</b>	<b>Budget 01</b>
Transportation	811,836	881,894	930,126	962,309	993,339
Corrections	522,202	-	-	-	-
Human Services	1,623,555	1,707,891	2,307,676	2,127,912	2,207,156
Public Health	104,742	113,909	113,535	113,540	116,475
Inspect & Appeals	175,808	193,943	206,976	217,709	227,943
Rev & Finance	593,295	627,916	648,819	675,661	697,197
Public Safety	70,961	78,140	81,599	91,874	92,462
Banking	82,398	85,551	89,946	95,480	94,875
Insurance	222,283	232,326	227,895	208,470	231,216
Civil Rights	150,947	163,926	171,050	181,603	188,477
Alcoholic Bev Div	20,944	27,548	30,407	24,307	102,600
College Aid Comm	158,255	163,383	166,381	170,369	153,743
Treasurer (Uncl Prop)	12,000	12,000	12,000	12,000	12,000
Credit Union Div	17,000	22,000	25,000	23,077	25,000
Lottery	52,541	71,409	72,835	67,649	65,333
General Services	60,355	60,140	64,392	70,495	62,000
GS Vehicle	20,000	20,000	18,462	20,000	20,000
IA Comm Network	25,189	25,070	36,747	45,161	87,500
Racing & Gaming	20,711	22,012	20,545	21,860	20,000
Education	16,351	15,607	15,916	15,253	15,000
Economic Development	20,357	20,489	20,213	20,071	20,000
Educ Examiners	-	-	10,566	36,343	35,000
Public Safety (HIDTA)	21,769	240,705	231,986	316,317	477,660
Law Enforcement Acad	666	1,320	-	-	-
Emergency Management	1,078	295	1,399	-	-
Regents-UNI	20,000	20,000	20,000	20,000	20,000
Regents	75,000	115,000	178,200	185,277	194,611
Natural Resources	-	-	-	30,000	30,000
la Finance Authority	-	-	-	25,185	35,000
la Technology Dept	-	-	-	-	30,000
<b>Total</b>	<b>4,900,243</b>	<b>4,922,474</b>	<b>5,702,671</b>	<b>5,777,921</b>	<b>6,254,587</b>

<b>Fund Name</b>	<b>Actual 97</b>	<b>Actual 98</b>	<b>Actual 99</b>	<b>Actual 00</b>	<b>Budget 01</b>
Grain Indemnity Fund	30,850	30,850	30,850	30,850	30,850
Pesticide Fund	3,160	3,247	3,584	1,289	2,500
UST Fund	297,987	312,912	213,680	184,871	215,071
Second Injury Fund	145,980	-	-	-	-
<b>Total</b>	<b>477,977</b>	<b>347,009</b>	<b>248,114</b>	<b>217,010</b>	<b>248,421</b>

<b>Board Name</b>	<b>Actual 97</b>	<b>Actual 98</b>	<b>Actual 99</b>	<b>Actual 00</b>	<b>Budget 01</b>
Commerce Boards	58,541	57,429	57,496	59,558	55,000
Medical Examiners	48,298	46,662	45,824	49,227	41,900
Pharmacy Examiners	7,540	7,543	30,057	47,410	52,938
Nursing Board	14,208	14,038	15,000	14,300	14,015
Dental Examiners	20,170	21,900	23,257	20,791	19,068
<b>Total</b>	<b>148,757</b>	<b>147,572</b>	<b>171,634</b>	<b>191,287</b>	<b>182,921</b>

<b>Internal Funds</b>	<b>Actual 97</b>	<b>Actual 98</b>	<b>Actual 99</b>	<b>Actual 00</b>	<b>Budget 01</b>
la Cons Cred Fund	117,176	137,387	128,538	180,395	130,000
Elderly Iowan Fund	1,822	-	-	16,048	25,000
Consumer Ed Fund	225,000	225,000	225,000	225,000	225,000
Victim Comp Fund	103,687	21,488	22,171	21,320	56,945
Antitrust Fund	-	-	-	-	-
Forfeiture Fund	178,876	-	-	-	-
<b>Total</b>	<b>626,561</b>	<b>383,875</b>	<b>375,709</b>	<b>442,763</b>	<b>436,945</b>

<b>Grants</b>	<b>Actual 97</b>	<b>Actual 98</b>	<b>Actual 99</b>	<b>Actual 00</b>	<b>Budget 01</b>
Commerce-One Call	208	-	-	935	15,000
VAWA	27,721	65,035	60,126	59,078	55,053
VOCA	-	31,031	36,991	20,022	35,001
ITS-Technology	-	-	101,250	-	-
GASA-CD ROM	-	-	53,493	-	-
<b>Total</b>	<b>27,929</b>	<b>96,066</b>	<b>251,860</b>	<b>80,035</b>	<b>105,054</b>

**GRAND TOTAL**                    6,181,467    5,896,996    6,749,988    6,709,016    7,227,928

## Iowa Department of Justice Crime Victim Assistance Division FY 2001 State DA/SA Awards

DA - Domestic Abuse

SA - Sexual Abuse

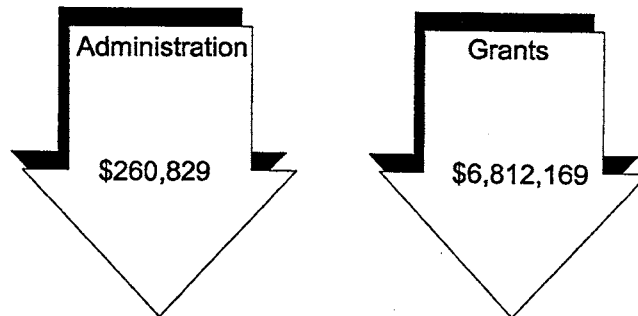
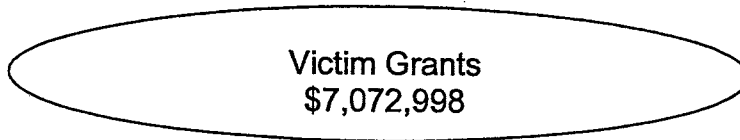
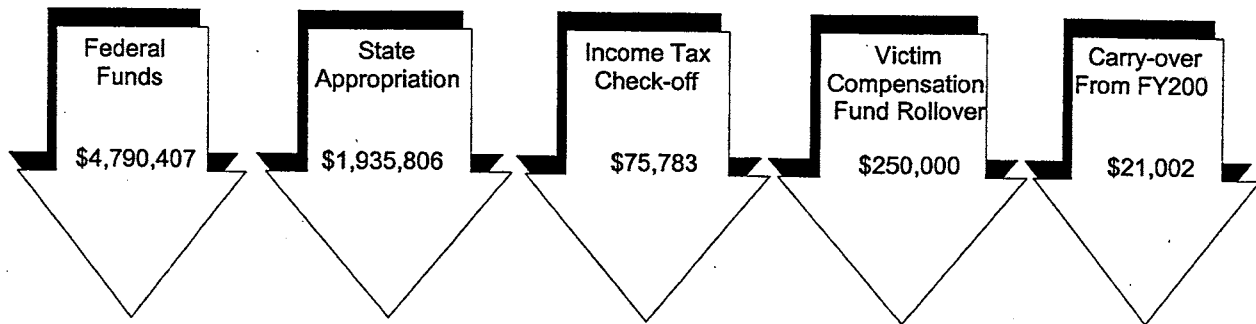
<u>Location</u>	<u>Agency/Program</u>	FY 2001		
		<u>Total</u>	<u>DA</u>	<u>SA</u>
<b>Adel</b>	Domestic Abuse Services of Dallas County, Inc.	<b>55,273</b>	38,000	17,273
<b>Algona</b>	Family Crisis Center of North Iowa, Inc.	<b>37,566</b>	19,533	18,033
<b>Ames</b>	Assault Care Center Extending Shelter & Support (ACCESS)	<b>72,403</b>	47,615	24,788
<b>Ankeny</b>	Iowa Deaf Women's Advocacy Services in the Heartland	<b>25,000</b>	25,000	-
<b>Atlantic</b>	Family Crisis Support Network	<b>58,552</b>	33,910	24,642
<b>Burlington</b>	YWCA Domestic Violence Shelter and Sexual Assault Center	<b>38,539</b>	38,539	-
<b>Carroll</b>	Domestic Abuse Prevention Center, Inc.	<b>43,000</b>	32,000	11,000
<b>Cedar Rapids</b>	YWCA - Domestic Violence and Sexual Assault Program	<b>93,035</b>	58,035	35,000
<b>Cherokee</b>	Council Against Domestic Abuse	<b>59,269</b>	40,562	18,707
<b>Clinton</b>	Gateway YWCA Women's Resource Ctr	<b>83,761</b>	55,273	28,488
<b>Council Bluffs</b>	Catholic Charities - Domestic Violence & Sexual Assault Program	<b>49,093</b>	38,735	10,358
<b>Creston</b>	CFI - Domestic Violence and Sexual Assault Services	<b>43,240</b>	21,620	21,620
<b>Davenport</b>	Family Resource Inc. - Domestic Violence Advocacy & Rape/Sexual Assault Program	<b>94,947</b>	65,000	29,947

<u>Location</u>	<u>Agency/Program</u>	<u>Total</u>	<u>DA</u>	<u>SA</u>
<b>Decorah</b>	Helping Services of Northeast Iowa, Inc. - Services for Abused Women and Children	<b>59,281</b>	39,281	20,000
<b>Des Moines</b>	Polk County Victim Services	<b>5,000</b>	-	5,000
	{ CFI - Family Violence Center	<b>85,103</b>	85,103	
	{ CFI - Statewide Domestic Hotline	<b>50,000</b>	50,000	-
<b>Dubuque</b>	YWCA Domestic Violence Program	<b>73,710</b>	73,710	-
	Riverview Center, Inc. - Sexual Assault Prevention and Intervention Services	<b>44,500</b>	-	44,500
<b>Fort Dodge</b>	Domestic/Sexual Assault Outreach Ctr	<b>97,164</b>	67,150	30,014
<b>Grundy Ctr</b>	Seeds of Hope	<b>41,463</b>	19,842	21,621
<b>Iowa City</b>	{ Rape Victim Advocacy Program	<b>40,000</b>	-	40,000
	{ RVAP - Statewide Hotline	<b>50,000</b>	-	50,000
	Domestic Violence Intervention Program	<b>76,105</b>	76,105	-
<b>Jefferson</b>	Greene County Domestic Abuse Council	<b>31,644</b>	15,124	16,520
<b>Keokuk</b>	Tri-State Coalition Against Family Violence	<b>84,259</b>	60,805	23,454
<b>Knoxville</b>	Turning Point	<b>44,598</b>	12,057	32,541
<b>Marshalltown</b>	Domestic Violence Alternatives Sexual Assault Center	<b>75,100</b>	47,250	27,850
<b>Mason City</b>	Crisis Intervention Service	<b>70,749</b>	50,359	20,390
<b>Muscatine</b>	Family Resources, Inc. - Domestic Abuse and Sexual Assault Advocacy Program	<b>71,876</b>	44,382	27,494

<u>Location</u>	<u>Agency/Program</u>	<u>Total</u>	<u>DA</u>	<u>SA</u>
<b>Oskaloosa</b>	Domestic Abuse Resources of Mahaska County	<b>41,848</b>	22,862	18,986
<b>Ottumwa</b>	Crisis Center and Women's Shelter	<b>85,054</b>	59,754	25,300
<b>Sioux Center</b>	Family Crisis Centers of NW Iowa	<b>58,697</b>	39,291	19,406
<b>Sioux City</b>	Council on Sexual Assault and Domestic Violence	<b>112,395</b>	70,000	42,395
<b>Spencer</b>	Council for Prevention of Domestic Violence	<b>83,102</b>	61,615	21,487
<b>Waterloo</b>	Family Service League - Crisis Services	<b>72,074</b>	50,940	21,134
<b>Waukon</b>	Allamakee County Women & Children Resource Center	<b>19,074</b>	14,074	5,000
<b>Waverly</b>	Cedar Valley Friends of the Family, Inc.	<b>64,641</b>	35,137	29,504
<b>Totals</b>		<b><u>2,291,115</u></b>	<b><u>1,508,663</u></b>	<b><u>782,452</u></b>

# VICTIM GRANTS

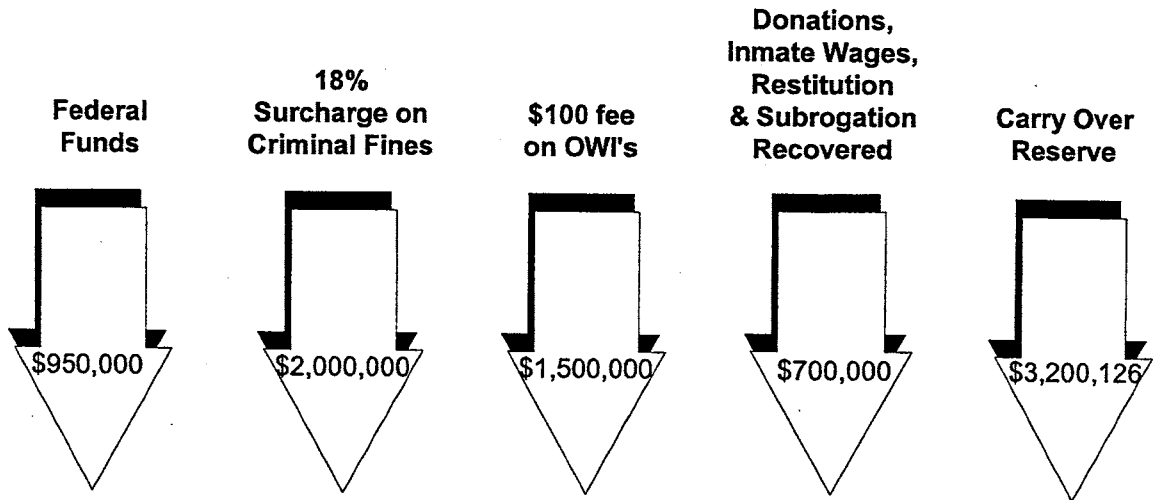
Attorney General's Office  
Actual FY 2001



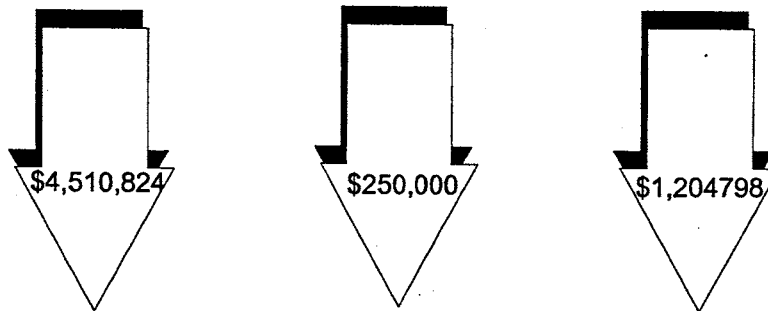
Domestic Abuse Shelters  
Sexual Abuse Programs  
Iowa Domestic Abuse and Sexual Abuse Hotline  
and  
Other Violent Crime Programs

# VICTIM COMPENSATION

Attorney General's Office  
Projected FY 2001



Victim Compensation Fund  
\$8,350,126



Eligible  
Victims

Victim  
Service  
Grants

Crime Victim  
Assistance Division  
Operations

Total Expenses from Fund  
\$5,965,622

Reserve  
\$2,384,504



ANTITRUST FUND					
	FY97	FY98	FY99	FY00	FY01*
Beginning Balance	-	227,507.99	257,412.09	232,488.33	223,729.56
Deposits	235,232.43	150,726.43	32,000.00	32,587.33	11,526.80
AG Reimbursement	-	(13,911.80)	(33,615.84)	(13,164.95)	(7,675.12)
Consumer Advocate	(7,724.44)	(21,467.28)	(23,307.92)	(28,181.15)	
State General Fund	-	(35,000.00)	-	-	
Ending Balance	227,507.99	257,412.09	232,488.33	223,729.56	227,581.24
* First 6 mo's of FY					

CONSUMER EDUCATION FUND							
	FY95	FY96	FY97	FY98	FY99	FY00	FY01*
Beginning Balance	163,137.95	125,215.18	222,066.65	294,819.46	404,237.34	578,494.67	1,275,042.00
Settlements/Deposits	165,651.03	288,525.31	287,923.30	316,947.45	372,214.21	861,391.33	79,858.73
Interest	13,775.77	8,326.16	9,829.51	17,470.73	27,043.12	61,723.29	32,111.07
AG Reimbursement	(217,349.57)	(200,000.00)	(225,000.00)	(225,000.00)	(225,000.00)	(225,000.00)	(177,318.80)
Consumers						(1,567.29)	
Ending Balance	125,215.18	222,066.65	294,819.46	404,237.34	578,494.67	1,275,042.00	1,209,693.00
* First 6 mo's of FY							

## Consumer Education/Litigation Fund Deposits

January 18, 2001

The following are examples of cases settled by agreement or by court order and which resulted, in part, in payments to the Attorney General's office to be used for consumer education/litigation purposes. This list does not include all cases in the specified years involving payments for consumer education/litigation.

### **1997:**

IDT, Corp. (\$50,000) - involved an Internet Service Provider that allegedly engaged in misleading newspaper advertising about the qualities of its service

Champion Auto Stores (\$5,000) - alleged misleading advertising by an auto parts store regarding a "win a free car" contest

Enterprise Rent-a-Car (\$20,000) - rental car company allegedly charged renters more than its costs to repair damaged vehicles in violation of state law limiting charges to actual costs

Sears (\$133,000) - Company allegedly engaged in unlawful debt collection practices by getting consumers to agree to reaffirm debts in bankruptcy, without notice to and approval of bankruptcy court.

Office Depot (\$10,000) - Company allegedly engaged in misleading advertising of "zero percent interest" payment plans.

### **1998:**

America On Line (\$76,363) - Settlement involving a variety of allegedly deceptive practices by Internet Service Provider. Alleged violations included that AOL offered a so-called free trial offer that was in fact not free if some of the promised number of free hours were used after 30 days, that consumers sometimes unexpectedly had to pay long-distance charges to access AOL, that AOL sometimes increased its fees without adequate notice, and that consumer cancellation orders sometimes weren't honored quickly enough.

Sweepstakes Clearinghouse (\$90,000) - Sweepstakes company settled via a court order regarding suit alleging it violated Iowa's prize promotion and consumer fraud laws in its direct mail contests, sweepstakes, and prize promotions

Montgomery Ward Credit Corp. and GE Credit Corp. (\$141,000) - Companies allegedly engaged in same unlawful bankruptcy debt collection practices as noted above relating to Sears.

Minimum Rate Pricing (\$52,632) - Company alleged to have “slammed” consumers by switching their LD service to the company without the consumers’ permission or knowledge.

**1999:**

Lipo Slim, Inc. (\$12,000) - Company allegedly engaged in misleading ads for weight loss product.

Mazda Motor of America, Inc. (\$50,000) - Auto manufacturer allegedly engaged in misleading auto lease advertising.

MCI (\$55,000) - Alleged misleading practices by LD company concerning a fee it imposed on consumers to recoup the company’s costs for accessing lines of local exchange carriers.

Knoll Industries (\$721,391) - misleading claims about synthetic thyroid hormone drug.

**2000:**

U.S. Bank (\$68,966) - Company allegedly sold customer account information to telemarketer who attempted to sell valueless buying club memberships to customers. Sale was contrary to privacy policy the bank touted to its customers.

Progressive Insurance Company (\$30,000) - Company allegedly failed to obtain salvage titles on cars it took title to from Iowa policyholders, causing monetary losses to future buyers.

***Common language relating to these payments:***

From the Iowa District Court for Polk County Judgment in Minimum Rate Pricing case:

“ . . . the defendant is obligated for and shall pay to the Attorney General of the State of Iowa the sum of \$52,631.57, which shall be used by the Attorney General for public education relating to consumer fraud and for enforcement of Iowa Code § 714.16 . . . ”

From the Assurance of Voluntary Compliance with Progressive Insurance Company:

“Progressive shall pay the sum of thirty thousand dollars (\$30,000.00) to the Office of the Attorney General for consumer education, litigation, enforcement and other consumer protection purposes, at the discretion of the Attorney General.”

TO: Joint Legislative Budget Committee

DATE: January 18, 2001

FROM: Bill Brauch, Special Assistant Attorney General, Director-Consumer Protection Division

RE: Request to Increase Cap on Consumer Education/Litigation Appropriation

A. ***Who we are:*** The Consumer Protection Division has 18 staff members. The current legal staff of 5 attorneys and 6 investigators compares with the 1990 total of 7 attorneys and 8 investigators, reflecting an enforcement staff reduction of about 27% over ten years due to attrition, intradepartmental FTE transfers, and budget cuts.

B. ***What we do:*** The Division's primary role is to stop and deter deceptive and unfair practices in connection with the advertisement, sale or lease of products and services. The Division has a number of tools at its disposal to carry out this mission.

1. We are authorized to enforce various state and federal civil and criminal laws. The primary law the Division enforces is the Iowa Consumer Fraud Act, which authorizes the Attorney General to file civil actions to stop illegal practices, get refunds for consumers, and obtain civil penalties, attorney fees and costs.

2. The Division files criminal charges in appropriate circumstances at the request of county attorneys.

3. The Division also takes complaints from the public, which give us information to help us decide where to direct our resources.

4. The Division also prefiles legislative proposals and provides information to the legislature on other bills.

5. We prepare consumer education materials and give public presentations to help educate consumers and businesses.

C. ***Recent activities (1999 and 2000):*** Given that Division resources are limited, it is necessary that we very carefully focus our resources. This means honing in on issues or cases involving widespread harm impacting Iowans, especially more vulnerable consumers, such as older Iowans. I have listed below some of the areas we have emphasized since the beginning of 1999 and have provided short descriptions of our actions in those areas. ("AVC" means an Assurance of Voluntary Compliance - a written agreement with the state to refrain from engaging in certain practices, pay refund to consumers, and/or make a payment to the state.)

*Telecommunications:*

1) Obtained an AVC with company called "Basic Long Distance" relating to allegations of telephone LD slamming.

2) Obtained an AVC with MCI relating to allegations of deception in connection with its "National Access Fee" paid by consumers.

3) Sued U.S. Cellular for deceptive advertising, sales, and account servicing practices and for violating Consumer Credit Code and Door to Door Sales Act.

4) Issued public warning about a "Y2K readiness survey" that required calls to a 900#

which resulted in charges to the caller.

5) Pre-filed with Utilities Division a bill addressing phone slamming and cramming which was enacted in 1999.

6) Issued written comments to FCC regarding proposed slamming rules.

7) Working with other states in investigations of LD rate advertising.

8) Issued Consumer Advisory education piece on "10-10 Dial-around" offers.

*Sweepstakes:*

1) Obtained an AVC with American Family Publishers that resulted in fundamental change in company sweepstakes practices.

2) Investigating Publishers Clearing House relating to allegations of deceptive and unfair practices in connection with its sweepstakes mailings - sued PCH for failing to respond to Demand for Information.

3) Issued two Consumer Advisory education pieces.

*Motor Vehicles:*

1) Obtained an AVC with Progressive Insurance Company relating to failure to title vehicles as salvage.

2) Obtained an AVC with Mazda Motor Company regarding lease advertisements.

3) Investigating June, 2000, gas price spikes.

4) Investigating Bridgestone/Firestone and Ford regarding tires.

5) Obtained AVC's with two car repair facilities relating to alleged violations of Iowa's auto repair estimate law.

6) Assisting consumers who bought from defunct dealership to obtain car titles.

7) Pre-filed amendments to state new car "Lemon Law" that became effective 1-1-01.

8) Issued Consumer Advisories pieces on used car buying tips, dealing with auto repairs, and state Lemon Law.

9) Various other investigations underway.

*Scams targeting small businesses:*

1) Formed a coalition with a variety of small business and professional associations and non-profits to issue a brochure offering tips on how to avoid office-related scams, such as bogus invoice schemes.

2) Sued a California company that targeted Iowa companies in copier-toner scheme. Obtained Consent Judgment.

3) Issue warnings about scams to businesses via e-mail mailing list warning system.

4) Issued warnings to businesses about two outfits selling labor law posters that are available free of charge from government agencies.

*Identity Theft/Privacy:*

1) Prefiled bill making ID theft a crime and providing private civil remedies. Bill was enacted in 1999.

2) Issued consumer information booklets to assist consumers to avoid becoming victims

of ID theft and what to do if they have been victimized.

- 3) Obtained an Consent Judgment with U.S. Bank for selling customer account numbers.
- 4) Filed objection to Toysmart.com's bankruptcy plan to sell customer data as asset.
- 5) Issued Consumer Advisory education piece on new Children's Online Privacy Act rights.
- 6) Participating in Governor's Privacy Task Force.

*Home Improvements:*

- 1) Obtained settlements via Consent Judgments or AVC's with 7 different contractors relating to violations of Door to Door or Consumer Fraud Act.
- 2) Recovered well over \$250,000 for consumers via cases and complaint handling.
- 3) Prefiled a bill to protect homeowners from unfair filings of mechanics liens by contractors engaging in deceptive practices. The bill was enacted in 1999.
- 4) Issued two Consumer Advisory consumer education pieces.
- 5) Mailed annual notices to law enforcement across state on laws applicable to home improvement scams.

*Health Fraud:*

- 1) Sued Iowa web site operator who claimed his breast enhancement device, among other things, could regrow breasts following mastectomies.
- 2) Obtained a Consent Judgment against a company that sold "weight loss briefs."
- 3) Obtained a Consent Judgment against a company that violated Door to Door Sales Act and misleading practices in sales of prescription discount cards to senior citizens.
- 4) Issued Consumer Advisory education pieces on water treatment devices and weight loss scams.

*E-commerce:*

- 1) Obtained Consent Judgments against two Iowans who were selling items through Internet auctions, taking payments, but not delivering the goods to buyers.
- 2) See above reference to Toysmart.com.
- 3) See above reference to Consumer Advisory on Children's Online Privacy Act.
- 4) Issued Consumer Advisory education piece on "Do's and Don'ts for online shopping."
- 5) Began in 1999 taking consumer complaints online via interactive complaint form on web site.

*Charitable Solicitations:*

- 1) Joined with Iowa Societies of Fundraising Executives to issue a consumer education brochure on misleading charitable solicitations and made a joint announcement of its availability.
- 2) Issued two consumer education pieces.
- 3) Resolved investigation of State Troopers Association mailing by offer of refund.

*Telemarketing Fraud:*

1) Continued to file criminal charges against telemarketing fraud as part of program started in 1993 that has diminished telemarketing complaints in Iowa by over 90%. Filed separate charges and obtained convictions against Georgia telemarketers who targeted Iowans, one involving an office supply scheme targeting small businesses and the other an investment scheme targeting individuals.

*Protecting Youth:*

1) Operated very successful "Tuff Customer" education scavenger hunt - involving high school students from across state looking up information on Internet to answer questions relating to consumer issues of interest to teens.

2) See above reference to Toysmart.com settlement.

3) See above reference to Consumer Advisory on Childrens Online Privacy Act.

4) Called on federal officials and Congress to take action to stop importation of hand-rolled, flavored "bidi" cigarettes produced primarily in India and sought by teens.

5) Worked on a number of other matters relating to youth access to tobacco products.

*Credit & Finance:*

1) 13 Consumer Advisories are present on the AG website relate to credit and finance.

2) Conducted public education efforts on credit issues, particularly auto finance and mortgage, including predatory lending.

3) Issued 7 informal advisories on ICCC, including two on payday loans.

4) Addressed the auto "spot delivery," source of consumer complaints.

5) Worked with other states on a variety of predatory lending issues, including predatory mortgage lending.

6) Dealt with a variety of complaints on credit/finance/collection issues, which are some of the most numerous consumer complaints received by the Division.

7) The Division, as ICCC Administrator, responded to numerous business inquiries on compliance issues.

*D. Why an increase in available funding from consumer education/litigation fund is needed:*

*E-Commerce:* At the same time that the enforcement resources of the Division have diminished by 27%, the means by which Iowans are being defrauded have grown. This is especially obvious in the areas of telecommunications and electronic commerce. While the above report shows the Division has been active in both areas, much more needs to be done but cannot be done for lack of sufficient staff positions. Attorneys general in other states are beginning to add staff to pursue actions relating to the sale of other products over the Internet. Misleading practices relating to sales over the Internet are a major problem.

The office of the Attorney General is requesting the increase in the appropriation from the moneys in this fund, in large part, in order to hire an additional attorney primarily to pursue cases involving scams using electronic commerce to target consumers and businesses.