

ARTICLES FOR 4-14-16 ROUNDUP

AG SWEEP HALTS ILLEGAL ACTIONS BY STUDENT LOAN ADJUSTORS, SECURES FULL RESTITUTION

Nearly 350 Washington students to share in \$162,000 recovery

SEATTLE — Attorney General Bob Ferguson today announced favorable resolutions for Washington consumers with six student loan debt adjustors that overcharged Washington state students and collected unlawful fees. Ferguson also obtained a default judgment against a seventh student loan debt adjustor for the same type of unfair and deceptive actions.

The six loan adjustors will pay a total of \$162,000 to refund Washington students for illegal charges and an additional \$56,000 for the Attorney General's costs and attorney's fees, as well as monitoring and future enforcement of the Consumer Protection Act.

All 346 Washington student victims will receive full refunds of the money they paid to the various companies. The Attorney General's Office will notify eligible consumers and distribute the refunds directly to them in July 2016.

Student loan debt adjustment firms offer to help students fill out and submit paperwork to the U.S. Department of Education to consolidate their federal student loans. But information about repayment options and help consolidating federal student loans is available — for free — directly from the U.S. Department of Education. Borrowers can also contact their student loan servicer(s) for information about consolidation and repayment options like income-based repayment.

Many adjustor firms have sprung up as a result of the \$1.2 trillion debt burden carried by nearly 40 million American borrowers. Student loans represent the second-largest source of consumer debt for Americans, behind home mortgages. Over 800,000 Washingtonians have outstanding federal student loan debt worth nearly \$21 billion.

“Students graduate from Washington colleges with an average of nearly \$25,000 in debt,” Ferguson said. “These firms preyed on students who sought their help. I will not tolerate the financial abuse of Washington students overburdened with debt.”

The named defendants, based in various locations outside Washington state, include:

SLRS, LLC;
Student Debt Solutions, LLC;
United Advisors Group, LLC;
American Student Loan Consolidators, LLC;
Debt Relief Pros, Inc. d/b/a Student Debt Relief;
US Direct Student Loan Services; and
National Student Loan Solutions, Inc. (against which the AGO obtained a default judgment).
Ferguson brought lawsuits against the seven student loan adjustors for violating Washington's Debt Adjustment Act and Consumer Protection Act by charging illegal fees for debt adjusting and failing to inform customers of important rights as legally required.

In addition to paying restitution and costs, as part of the resolution, the companies agree not to:

Charge an initial fee for debt adjusting services of more than \$25 (the legal limit);
Charge a fee in excess of 15 percent of the consumer's payment (the legal limit); and
Engage in deceptive advertising or misleading business practices.
The companies charged an up-front fee for their debt adjusting services of between 4 and 27 times the legal limit, sometimes collected monthly payments in excess of the legal limit, debited their customers' bank accounts for payments on void contracts, and failed to make legally required disclosures in their contracts with Washington consumers.

National Student Loan Solutions, Inc. did not contest a lawsuit filed by the Attorney General's Office, and on March 10, 2016, King County Superior Court Commissioner Henry H. Judson ruled in the state's favor for \$9,302. The AGO will seek to enforce that judgment against the company, to obtain further restitution for Washington consumers, as well as costs, fees and penalties.

Assistant Attorneys General Benjamin Roesch and John Nelson were leads on these cases.

In 2015, Ferguson announced a judgment against another student loan adjustment company, StudentLoanProcessing.US, for similar unfair and deceptive practices.

Apply for U.S. Department of Education federal repayment programs for free

For most federal borrowers, the process for consolidating federal student loans and enrolling in income-driven repayment plans is fairly straightforward — the borrower fills out a short application, verifies his or her employment and income, and submits the package to the Department of Education.

This process is done through the Department of Education for free and typically takes four to six weeks. Income-driven repayment plans allow borrowers to pay a percentage of their discretionary income. Learn more at Federal Student Aid's website.

Free student loan debt assistance

Attorney General Ferguson urges students with questions about consolidating federal student loans to contact the Department of Education's Loan Consolidation Information Call Center at 1-800-557-7392 before applying for consolidation. The Department of Education also provides technical assistance as borrowers fill out the consolidation application online.

Ferguson also urges current and former students never to pay upfront for help with student loan debt relief. For information on sources of assistance, contact the Consumer Financial Protection Bureau or the National Consumer Law Center.

For problems with your federal student loan servicer or a debt collector contact the U.S. Department of Education's Student Loan Ombudsman at 1-877-557-2575 or online, or file a complaint with the Consumer Financial Protection Bureau or the Attorney General's Office.

- See more at: <http://www.atg.wa.gov/news/news-releases/ag-sweep-halts-illegal-actions-student-loan-adjustors-secures-full-restitution#sthash.LgtjQxu9.dpuf>

AG Balderas to Feds: Shut Down Accreditor of Predatory, For-Profit Schools

ACICS accredits schools like Brown Mackie College, Corinthian Colleges, ITT Tech and other predatory schools

Santa Fe, NM – This week, Attorney General Hector Balderas, eleven other attorneys general and the Consumer Protection Commissioner of Hawaii sent a letter to Department of Education Secretary John King urging the federal government to cease recognition of Accrediting Council for Independent Colleges and Schools (ACICS) as an accrediting body for post-secondary institutions. ACICS accredits schools like Brown Mackie College, ITT Tech and many other schools that have failed students to an utterly indefensible degree. The letter outlines a few examples of ACICS's sheer failure to maintain any semblance of accountability for the institutions to which it extends accreditation -- most shockingly, its continued accreditation of Corinthian up until the day the company declared bankruptcy, collapsed, and the educational institutions it owned shut their doors without notice to students.

“Shutting down ACICS will help protect New Mexico students from the indefensible tactics of predatory, for-profit schools who saddle our students with unnecessary debt and in some cases leave them with worthless degrees,” Attorney General Balderas said. “My office will continue to hold corporations accountable when they employ unfair tactics and prey on New Mexicans’ desires to build better lives for their families.”

National statistics show that only 35% of students enrolled at ACICS accredited schools graduate from their programs, “the lowest rate for any accreditor.” Of students who actually did graduate, more than one in five defaulted on their student loans within the first three years after graduation. A full 60% had not yet paid down a single dollar of the principal balance on their loans. ACICS’ most spectacular failure was its decision to extend accreditation to several dozen schools operated by Corinthian Colleges. Corinthian’s practice of offering extremely expensive degrees of little value to low-income students has been the target of more than twenty state and federal law enforcement agencies. Yet ACICS continued to provide accreditation to Corinthian’s schools until the day Corinthian declared bankruptcy. The U.S. taxpayer provided approximately \$3.5 billion to Corinthian, made possible by ACICS’s accreditation.

There are other examples of ACICS’ failure to identify compliance problems and enforce its accreditation standards. In November 2015, Attorney General Hector Balderas announced that Education Management Corporation (EDMC) would significantly reform its recruiting and enrollment practices, and forgive more than \$632,000 in loans for approximately 553 former New Mexico students of Brown Mackie College due to a qui tam settlement with the New Mexico Office of the Attorney General. The Office of the New Mexico Attorney General previously filed suit against ITT Tech and the school is also under investigation by 19 other states.

Colorado Attorney General Cynthia H. Coffman Partners with Mexican and Western State Attorneys General to Fight Human Trafficking and Money Laundering on Both Sides of the Border

DENVER – Colorado Attorney General Cynthia H. Coffman and prosecutors from the Colorado Department of Law continue to combat crime traveling into our state by way of Colorado’s interstate highways. Attorney General Coffman recently attended the International Border Conference in Phoenix, Arizona to work with her counterparts to address human and drug trafficking and money laundering on both sides of the border.

More international criminals are looking to Colorado to use the legalization of marijuana as a cover for other criminal activity. With Colorado being the closest state to Mexico with legalized marijuana, Attorney General Coffman is working to ensure that Colorado is a leader in the cooperative efforts between the two countries to put an end to these illegal enterprises.

“Cooperation and coordination among attorneys general from Mexico and the western United States is key to stopping sex and labor trafficking at the country’s borders,” said Attorney General Coffman. “We know that money from criminal enterprises, including human trafficking and drug smuggling, is being laundered on both sides of the border. Sharing intelligence about the illegal money flow between our countries makes it much harder for criminals to hide their activity.”

Drug trafficking is a cash business generating an estimated \$64 billion annually from U.S. sales. Mexico is the primary source of supply for some drugs and a transit point for others. Although there are no reliable estimates of how much money Mexican drug trafficking organizations earn overall (estimates range from \$6 billion to \$39 billion), for cocaine, Mexican suppliers are estimated to earn about 14 cents of every dollar spent by retail buyers in the United States. It is the thousands of low level drug dealers and distributors throughout the country who receive most of the drug proceeds.

In addition to money laundering, other criminal activity associated with the illegal drug trade includes human trafficking, kidnapping, extortion, financial fraud, illegal gambling, loan sharking, prostitution, racketeering and other white collar crimes. Many times the criminal activity is consolidated with legitimate business interests. Attorney General Coffman plans to focus additional resources of her office to address this increased criminal activity.

“Colorado law enforcement continues to attack this huge problem, but we can only be a part of a larger, lasting solution. It will take Mexican officials working cooperatively with U.S. agencies to efficiently tackle these immense problems for both our nations,” said Criminal Investigator Jorge Duque from the Colorado Attorney General’s Foreign Prosecution Unit.

General Coffman and Investigator Jorge Duque recently attended the International Border Conference hosted by the Conference of Western Attorneys General Alliance Partnership and the Arizona Attorney General’s Office.

With Too Much Solar, California Looks To West For Markets

By STEPHANIE JOYCE & LAUREN SOMMER

Solar energy records are falling left and right in California these days, as the state steams ahead toward its ambitious renewable energy goals.

But the success of solar has brought about a hidden downside: on some perfectly sunny days, solar farms are being told to turn off.

That’s because in the spring and fall, when Californians aren’t using much air conditioning and demand for electricity is low, the surge of midday solar power is more than the state can use.

It’s becoming a growing concern for those running the grid at the California Independent System Operator. At their Folsom headquarters, a team continually manages the power supply for most of the state, keeping the lights on for some 30 million people.

“It’s constantly solving a constant problem, meaning you’re always trying to balance,” says Nancy Traweck, who directs system operations for the grid.

Ups and Downs of Renewables

On March 27, a sunny day, some solar farms had to shut down because there was more power on the grid than Californians were using.

In the past, balancing California's electric was fairly straightforward. The power supply was constant, coming from natural gas and nuclear power plants that put out a steady stream of electricity.

But the growth of solar and wind power has thrown a wild card in the mix. The sun and wind are much less predictable.

"All of a sudden you have a major cloud that comes over a solar field," Traweek says, and that causes the solar power to drop off.

"That [power] needs to come from somewhere else immediately," she says.

So grid operators have to keep the natural gas plants running in the background. If they're turned off, many take four to eight hours start up again.

California's highest demand for electricity also happens right as the sun goes down, when Californians come home from work and lights turn on. Grid operators need natural gas power plants at the ready to meet that peak and to fill the gap that's left by solar power.

But add up all those energy sources – solar, wind, natural gas, as well as hydropower, nuclear and others – and on some days, they're making more electricity than California needs.

"When it gets really bad, now we really got to start cutting as much as we possibly can," Traweek says. "If that's not done, then you could have a blackout."

So, grid operators have to tell solar farms to shut off.

"That's zero-carbon, clean energy," says Keith Casey, a vice president at the California Independent System Operator. "It would just be a travesty to curtail large amounts of it."

Casey says the problem will only get worse as more solar and wind connect to the grid. California plans to hit 50 percent renewable energy by 2030.

Joining Grids Across the West

California's grid operator is developing a solution, one that is garnering controversy across state lines.

Right now, California's grid runs mostly on its own, like an island. But there are power lines reaching across the West.

"You're operating your little piece of the system," Casey says, "but if you can operate it as an integrated whole, you can just operate the system more efficiently."

So, Casey is proposing California join up with its neighbors. Instead of having lots of electric grids across the West, each doing their own thing, there would be a larger regional grid, sharing power across state lines.

When California has too much solar power, neighboring states would buy it, preventing California from having to switch off the solar farms.

“It’s a win-win,” Casey says. “We really think we need to seize the most efficient opportunities that are out there for integrating renewables.”

This marriage of electric grids would start with PacifiCorp, a utility that runs its own grid in Oregon, Utah, Idaho and Wyoming.

But PacifiCorp isn’t a partner everyone wants to get in bed with.

“PacifiCorp is by far the largest owner of coal plants in the Western United States,” says Travis Ritchie, an attorney with the Sierra Club. In 2014, more than 60 percent of PacifiCorp’s electricity came from coal power.

“That’s a big problem for California,” he says. “We have put forth a lot of really great policy measures to stop coal for climate reasons, for pollution reasons.”

PacifiCorp’s coal power wouldn’t necessarily flow into California. The state’s climate change law, AB 32, means that electricity from other states has a price tacked on that raises the cost of fossil fuels to account for their carbon emissions.

But Ritchie warns that joining a regional electric grid, governed across several states with different agendas, could mean giving up some of California’s autonomy.

“Will California actually lose the ability lead on climate issues if it gives up its power to Utah and Wyoming, two states that are actively fighting everything about climate change that California is working to promote?” he says.

Several state legislators have the same concern. In February, they sent a letter to Governor Jerry Brown raising red flags about the merger.

“We have made great strides to make sure that our electricity is as clean as possible,” says California Assembly Speaker Anthony Rendon. “I want to make sure that joining a wider grid doesn’t impact that.”

Regional Pushback

While the Sierra Club is worried about Wyoming influencing California policy, Wyoming is equally worried about the opposite. Linking the California and PacifiCorp grids would require approval from regulators across the region, and as it's currently proposed, not everyone is ready to give their blessing.

“California policies, whether you like them or not, are going to be exported throughout the West, and all of us in the West are going to be importing California policies,” says Wyoming Public Service commissioner Bill Russell.

Policies like the state's commitment to renewables—a commitment not shared by Wyoming, the nation's largest coal-producing state.

Wyoming could potentially benefit from lower cost energy though. A study commissioned by PacifiCorp found that customers across both regions would save \$154 to \$335 million annually, which is why Russell isn't dismissing the idea outright.

Regional grids like what's being proposed already exist in the Midwest, New England and the mid-Atlantic, but Western states have resisted similar arrangements in the past.

"Politics at the end of the day is the biggest obstacle," says Cindy Crane, CEO of Rocky Mountain Power, the PacifiCorp subsidiary in Wyoming, Idaho and Utah.

Crane worked on some of the previous efforts to integrate the western grid and says this time could be different.

"I think it has a better shot, but there are some pretty big threshold issues to get through."

If those issues can't be overcome, the alternative for California is finding a way to store extra renewable energy energy.

"Energy storage is probably the biggest hammer in the toolbox," says Paul Denholm, analyst at the National Renewable Energy Lab in Colorado.

Large batteries and other energy storage technologies could store the excess solar energy California is producing during the day. But until prices come down, storage remains costly.

Denholm says according to his analysis, California will probably need both storage and a regional grid to reach its 50 percent renewable goal in the most cost-effective way.

Other types of energy, apart from solar, could also become more flexible. Many natural gas power plants have signed contracts with utilities that limit how often they can be turned off or ramped up and down.

"We need to make sure we can schedule the power plants to be available when needed," Denholm says. "Those contracts have to change so the output from the power plants can vary."

With renewable energy growing at a rapid clip, other states could soon face the same challenges.

"We are looking at a tipping point for wind and solar," Denholm says. "Wind and solar in many places in the country is actually the cheapest option. And that's the first time in history where that's been the case."

The California Independent System Operator and PacifiCorp will spend the next two years studying their plan to integrate, as well as making their case before regulators in several states. If the plan moves ahead, the two would join up by 2019.

Council Unanimously Passes Attorney General's Bill Making it Easier to Fight Synthetic Drugs in the District

Attorney General's SAFE DC Act Provides Additional Tool against Cannabinoids, Cathinones
Contact:

Rob Marus, Communications Director: (202) 724-5646; robert.marus@dc.gov

Andrew Phifer, Public Affairs Specialist: (202) 741-7652; andrew.phifer@dc.gov

WASHINGTON, D. C. – Attorney General Karl A. Racine thanked the D.C. Council for their unanimous passage today of legislation creating one of the nation's most comprehensive synthetic drug statutes. The Office of the Attorney General (OAG) introduced the Synthetics Abatement and Full Enforcement Drug Control Act ("SAFE DC") last fall, incorporating best practices in enforcement from multiple jurisdictions around the nation.

"I want to thank the Councilmembers for their unanimous support of this important legislation, which Judiciary Committee Chairman Kenyan McDuffie moved on our behalf," Attorney General Racine said. "This bill will help the District lead the way in fighting these dangerous drugs, which can induce immediate, psychotic and deadly reactions. Today's legislation makes it easier for law enforcement officials to get these drugs off our streets."

Synthetic cannabinoids (often known by street or brand names like "Bizarro" and "Scooby Snax") and synthetic cathinones (known by street or brand names like "Flakka" and "bath salts") are manufactured compounds designed to alter the mental state of the user. However, they are illegal and often contain untested chemicals that can induce dangerous and even deadly effects in users.

SAFE DC strengthens law enforcement officials' ability to test for and prosecute cases against sellers and distributors of these substances by adding them to the District's controlled-substances list based on the class of the chemical compounds contained in the drugs rather than the individual compound found in a particular substance. This makes it easier to outlaw, test for, and prosecute sellers of these drugs.

SAFE DC resulted from collaboration between OAG's Emerging Drug Trends Task Force and the District's Department of Forensic Sciences (DFS). "DFS Director Dr. Jenifer Smith and Dr. Luke Short, Manager of the DFS Biomonitoring and Analytical Chemistry Unit, were instrumental in helping us propose this legislation. I want to thank them for their hard work and collaboration to make our residents safer from synthetic drugs," Attorney General Racine said.

He added: "I would also like to thank the members of OAG's Emerging Drug Trends Task Force – Argatonia Weatherington, Habib Ilahi, Melissa Shear and Marta Markowska – for their extensive efforts to study how we could best improve the District's drug laws to fight these fast-changing substances. This legislation is largely a result of their excellent work."

MAYOR WILLIAM P. KENOI INDICTED FOR FELONY THEFT

HONOLULU – Today a Hawaii Island grand jury indicted Hawaii County Mayor William P. Kenoï for two counts of felony theft, two additional counts of misdemeanor theft, three counts of tampering with a government record and one count of false swearing. The charges arose from alleged conduct taking place from 2011 through 2015 while Mayor Kenoï was in office.

The charges are:

Counts 1 and 2: Theft in the Second Degree, Class C felonies each punishable by up to five years in prison and a \$10,000 fine.

Counts 3 and 4: Theft in the Third Degree, misdemeanors each punishable by up to one year in jail and a \$2,000 fine.

Counts 5, 6 and 7: Tampering with a Government Record, misdemeanors each punishable by up to one year in jail and a \$2,000 fine.

Count 8: False Swearing, a petty misdemeanor punishable by up to 30 days in jail and a \$1,000 fine.

Attorney General Doug Chin said “The Department of the Attorney General sought this indictment after an intensive investigation that lasted almost a year. I thank the investigators and prosecutors for their efforts.”

An indictment is a finding of probable cause and is not a criminal conviction. Mayor Kenoi is presumed innocent unless and until he is found guilty of the charges beyond a reasonable doubt.

Big Island Mayor Billy Kenoi is arrested, released

By HNN StaffCONNECT

PAHOA, BIG ISLAND (HawaiiNewsNow) -

Hawaii County Mayor Billy Kenoi has turned himself in after being indicted last week on theft charges by a Hilo grand jury.

Hawaii Island Mayor Billy Kenoi was considered a rising political star until March 2015, when he found himself in the middle of a growing political scandal.

Kenoi was arrested and released about 11 a.m. Tuesday in Pahoa. He's set to appear in court Wednesday.

Todd Eddins, the mayor's attorney, said in a statement Tuesday afternoon that Kenoi is "heartened by the outpouring of support he has received from the people of Hawaii Island. He will continue to work tirelessly for his hometown."

Last week, after a months-long investigation, a grand jury indicted Kenoi in connection with his alleged misuse of a government credit card.

Kenoi was charged with two counts of second-degree felony theft, two counts of misdemeanor theft, three counts of tampering with government records and one count of false swearing.

The felony theft charges are each punishable by up to five years behind bars and a \$10,000 fine.

Since taking office, Kenoi has racked up more than \$120,000 on his county purchasing card, or pCard. Nearly all of that was for legitimate business travel, but about \$9,000 was spent on personal items, including for high-end hotels and pricey meals.

He also used the card at Oahu hostess bars. Kenoi's used his pCard to pay for a \$900 night at the Club Evergreen hostess bar back in 2013, and a \$400 outing at the Camelot Restaurant and Lounge in 2009.

County purchasing credit cards are given to government workers to pay for supplies and work-related small purchases, and their use is supposed to be strictly monitored.

Kenoi has said he always planned to pay back the money he spent on personal purchases, but prosecutors are expected to argue that he only did so after he was warned or told to return the money.

If Kenoi is convicted before his term runs out at the end of the year, the law doesn't require him to resign his office but legal experts say he would be under pressure to do so.

Several Hawaii lawmakers have called on Kenoi to resign, saying that the investigation is hampering his ability to do his job.

"We all love Billy. I've had a good working relationship with him. And it's sad to see this happen. However, I think it's gone too far. And it's so unfortunate," said state Sen. Lorraine Inouye (D-Hilo, Hamakua, Waimea, Waikoloa, Kona), who served as Big Island mayor from 1990 to 1992.

Kenoi was 39 years old when he took office in 2008, becoming one of Hawaii Island's youngest mayors. He was the former executive assistant to Big Island Mayor Harry Kim, a fixture on the Big Island.

During the first several years of his tenure, Kenoi garnered statewide attention for his down-to-earth style and ability to bring together a diversity of stakeholders to find solutions. He was widely seen as a potential candidate for statewide office.

The last time a Hawaii mayor was indicted was in 1977, when Mayor Frank Fasi faced charges of accepting a \$500,000 bribe from a developer. The charges were subsequently dropped.

Copyright 2016 Hawaii News Now. All rights reserved.

Rutledge Hosts Youth Summit

ALMA – Arkansas Attorney General Leslie Rutledge hosted a Youth Summit today for seventh through 12th graders, raising awareness of dating violence. The summit comes after Rutledge hosted five Break the Cycle trainings across the State for educators who were taught the foundational knowledge about dating abuse and methods for intervention. The Summit was held today at the Alma Airedale Arena.

This year's Youth Summit is the largest ever Attorney General sponsored event, with more than 2,100 students attending.

"Raising awareness of dating violence is a major priority of mine," said Attorney General Rutledge. "This interactive and informative event's message was directed to junior high and high school students to help them understand the dangers and consequences of dating violence and how to have healthy relationships."

Former college football standout and NFL player Keith Davis was the featured speaker with his "Just Say YES: Youth Equipped to Succeed" message. Davis, an entrepreneur and motivational speaker, graduated from the University of Southern California with his football team's highest grade point average and a degree in business finance. He was the team's leading tackler, selected to the All-American Strength Team, an All-Conference player and played in the Rose Bowl. After college, Davis signed with the New York Giants.

Other speakers included Angela McGraw, executive director for Women & Children First in Central Arkansas, and Kiah McGraw, the state advocate coordinator for the Arkansas Coalition Against Sexual Assault.

Partners with the Attorney General's office in hosting the event are Arkansas Activities Association, Arkansas Coalition Against Domestic Violence, Arkansas Coalition Against Sexual Assault and the Child Advocacy Centers of Arkansas.

About Attorney General Leslie Rutledge

Leslie Carol Rutledge is the 56th Attorney General of Arkansas. Elected on Nov. 4, 2014, she is the first woman and first Republican in Arkansas history to be elected to the office.