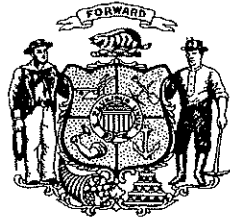


STATE OF WISCONSIN

SENATE CHAIR
Howard Marklein

316 East, State Capitol
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ASSEMBLY CHAIR
Mark Born

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: February 23, 2023

Re: DOJ Report to JFC

Attached is a report regarding money received by the Department under a court order or a settlement agreement for providing restitution to victims from the Department of 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

HM:MB;jm



STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

Josh Kaul
Attorney General

Division of Management Services
17 West Main Street
P.O. Box 7857
Madison, WI 53707-7857

February 23, 2023

FEB 23 2023
St. Finance

SENT VIA EMAIL

Secretary-designee Kathy Blumenfeld, Department of Administration
DOASecretarysOffice@wisconsin.gov

Joint Committee on Finance, C/O Committee Clerk Joe Malkasian
Joe.Malkasian@legis.wisconsin.gov

Re: DOJ Restitution Report

Dear Secretary-designee Kathy Blumenfeld and Members of the Joint Committee on Finance:

Pursuant to Wis. Stat. § 165.25(10), the Wisconsin Department of Justice (DOJ) respectfully submits this semiannual report regarding money received by the department under a court order or a settlement agreement for providing restitution to victims.

DOJ received and disbursed the following amounts related to restitution during the period of July 1, 2022, to December 31, 2022.¹

¹ In addition, DOJ received a check in the amount of \$459.39 made payable to DOJ related to *State of Wisconsin v. American All Service, Inc. and Thomas Cassady* (Rock Co. Cir. Ct. Case No. 11-CV-0870). This check was supposed to be sent directly to the Department of Workforce Development (DWD) and made payable to DWD. DOJ deposited the funds and sent a corresponding check to DWD.

Case Type and Name	Received	Disbursed
Consumer Protection:		
<i>In the matter of Frontier Communications Parent, Inc., Frontier Communications of Wisconsin, LLC, Frontier North Inc., Frontier Online and Long Distance Inc., and Frontier Communications of America, Inc.</i>	\$ 2,852.00	\$ 2,852.00
<i>State of Wisconsin v. LRX Madison, LLC, LRX Milwaukee, LLC, and Richard C. Morgan, Jr. (Dane Co. Cir. Ct. Case No. 2021CX24)</i>	\$ 0.00	\$ 8,571.20
<i>In the matter of PEAKS Trust 2009-1, Deutsche Bank National Trust Company (solely in its capacity as lender trustee of PEAKS), Deutsche Bank Trust Company Delaware (solely in its capacity as owner trustee of PEAKS), and Deutsche Bank Trust Company Americas (solely in its capacity as indenture trustee and collateral agent of PEAKS)</i>	\$ 75.00	\$ 0.00
Wisconsin Medicaid:		
Civil restitution to DHS Medicaid Program	\$ 73,436.41	\$1,443,024.05
Criminal restitution to DHS Medicaid Program	\$ 54,310.21	\$ 42,647.53

The *Frontier* matter involved an investigation into claims for deceptive and unfair practices in the marketing and provision of Frontier's telephone landline services and internet-access service over digital subscriber lines (DSL). Following an investigation, DOJ and the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) entered an assurance of voluntary compliance (AVC) with Frontier. The AVC provides for injunctive-type relief to stop future violations of law and a monetary payment of \$90,000.00, including \$2,852.00 to be paid to DATCP for distribution as consumer restitution.

The *LightRx* matter involved a prosecution for defendants' violations of Wis. Stat. § 100.18(1) in the marketing of non-surgical cosmetic and aesthetic procedures. The prosecution resulted in a consent judgment providing for, among other things, \$100,083.00 in consumer restitution. On July 12, 2022, DOJ sent restitution checks to 10 consumers totaling \$7,821.20. On August 18, 2022, DOJ sent an additional \$750.00 restitution check to one consumer, for a total of \$8,571.20.

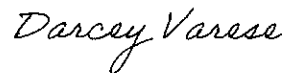
The *PEAKS Trust* matter involved an investigation of ITT Technical Institute (ITT) and its associated private lending program (PEAKS). Following an investigation, DATCP entered an AVC with PEAKS. The AVC provides for injunctive-type relief to stop future violations of law and more than \$7.5 million in student loan relief on approximately 1,137 loans owned by Wisconsin consumers who attended ITT Technical Institute. The AVC also requires PEAKS to refund any loan payments it received after the effective date of the AVC. In October 2022, PEAKS notified DOJ that it was unable to locate one consumer who is entitled to a \$75.00 refund loan payment. Consistent with the AVC, that refund was paid to DOJ who is attempting to locate the consumer and provide the refund.

The Wisconsin Department of Health Services (DHS) operates the Wisconsin Medicaid program, which provides health care coverage to the elderly, people with disabilities, and low-income children and adults. The disbursements to DHS are restitution recovered through litigation and pre-litigation resolution by DOJ to reimburse damages to the Wisconsin Medicaid program. The disbursements represent the cumulative number of single damages against several different parties.

In many instances, in addition to the single damages, DOJ also recovered partial damages based on different multipliers or forfeitures under Wis. Stat. §§ 49.49, 49.485, or 20.931 (repealed July 2015). DOJ does not treat those additional partial damages, based on multipliers, as “restitution” under Wis. Stat. § 165.25(20), and so those figures are not reflected in this report. Please note that the discrepancy between the received and dispersed amounts are the result of the timing of the revenue and payment accounting entries between reporting periods. A large portion of revenue was reported on the previous restitution report, however, the corresponding disbursements to DHS appear on this report as the payments were processed after June 30, 2022.

Should you have any questions, please contact me directly at (608) 266-9653 or varesedl@doj.state.wi.us.

Sincerely,



Darcey Varese, Financial Manager
Bureau of Budget and Finance