



## 2017 FISCAL YEAR REPORT

### CONSUMER PROTECTION, COMPETITION, CHARITIES, TELEPHONE SOLICITATIONS, AND TOBACCO ENFORCEMENT



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# Annual Highlights

## Consumer Complaints and Contacts

<i>Top Complaint Category</i>	<i>Motor Vehicles</i>	<i>All Contacts Received</i>	<i>13,650</i>
<i>All Complaints Filed</i>	<i>792</i>	<i>All Complaints Mediated</i>	<i>614</i>

## Enforcement Actions

- Completed **13 enforcement actions** concerning competition, false advertising, privacy, telemarketing, and other consumer-related issues.
- Reviewed the sale of Lewiston's 144-bed nonprofit hospital to a for-profit company and facilitated the **creation of the Lewis-Clark Valley Healthcare Foundation, a \$25 million healthcare trust** designed to improve the health of residents living in five Idaho counties, one Oregon county, and three Washington counties.
- Continued defending **Idaho's tobacco Master Settlement Agreement (MSA)** payments.

## Restitution, Civil Penalties, and Other Payments

- Recovered a record **\$15,013,898 in consumer restitution and other recoveries**. This equates to \$18.31 for each taxpayer dollar appropriated for consumer operations in FY 2017 (\$819,777). This is the **25<sup>th</sup> consecutive year** the Consumer Protection Division has recovered more for residents and businesses than the Legislature appropriated to the Division.
- Separately recovered and deposited into the consumer protection account **\$12,249,301 in civil penalties, fees, and costs**. This is the second largest amount recovered by the Division in a fiscal year.
- **Transferred \$4,467,248** in unspent consumer protection account funds to the general fund. **Since 2000**, the Consumer Protection Division has **transferred \$32,943,798** in unspent consumer protection account funds to the general fund.
- **Received \$22,963,291 in payments** pursuant to the MSA. Since the MSA was finalized in 1998, tobacco companies have paid \$454,730,449 to Idaho.

# Laws Enforced

<b>Consumer Protection Statutes (Idaho Code)</b>	
<i>Idaho's unfair or deceptive acts or practices law, as well as protections and disclosures covering specific seller-purchaser transactions or consumer issues.</i>	
Idaho Consumer Protection Act	Title 48, chapter 6
Idaho Lemon Law	Title 48, chapter 9
Bad Faith Assertions of Patent Infringement	Title 48, chapter 17
Idaho Motor Vehicle Service Contract Act	Title 49, chapter 28
General Contractor Disclosure Law	§ 45-525
Consumer Foreclosure Protection Act	Title 45, chapter 16
Home Loan Modification Review Notice Law	§ 45-1506C
Credit Report Protection Act	Title 28, chapter 52
Loan Broker Law	Title 26, chapter 25
Security Breaches	Title 28, chapter 51
Pyramid Promotional Schemes	§ 18-3101
Service Repair Contracts & Legal Expense Plans	§§ 41-114A & 41-114B
<b>Competition (Idaho Code)</b>	
<i>Idaho's antitrust law.</i>	
Idaho Competition Act	Title 48, chapter 1
<b>Charitable Solicitations and Charitable Assets (Idaho Code)</b>	
<i>Idaho's deceptive charitable contributions law and statutes designed to protect assets subject to charitable trusts.</i>	
Idaho Charitable Solicitation Act	Title 48, chapter 12
Idaho Nonprofit Hospital Sale or Conversion Act	Title 48, chapter 15
Prudent Management of Institutional Funds Act	Title 33, chapter 50
Supervision of Charitable Trust Assets	§ 67-1401(5)
Modification of Charitable Trusts	Title 68, chapter 12
<b>Telephone Solicitations (Idaho Code)</b>	
<i>Idaho's deceptive telephone solicitation and telephone solicitor registration statute, as well as its law governing 1-900 calls.</i>	
Idaho Telephone Solicitation Act	Title 48, chapter 10
Idaho Pay-Per-Telephone Call Act	Title 48, chapter 11
<b>Tobacco (Idaho Code)</b>	
<i>Idaho's Master Settlement Agreement and laws regulating the importation, distribution, sale, and use of tobacco and tobacco-related products.</i>	
Prevention of Minors' Access to Tobacco Act	Title 39, chapter 57
Idaho Tobacco Master Settlement Agreement Act	Title 39, chapter 79
Idaho Tobacco Master Settlement Agreement Complementary Act	Title 39, chapter 84
Reduced Cigarette Ignition Propensity Act	Title 39, chapter 89

# Enforcement Actions

## CONSUMER PROTECTION ACTIONS

Enforcement of Idaho's consumer laws protects and promotes a free and competitive marketplace and ensures a level playing field for all businesses. A marketplace unfettered by false, deceptive, and misleading practices and void of unreasonable restraints of trade yields the best allocation of Idaho's economic resources, the lowest prices, the highest quality, and the greatest innovative and material progress.

The Attorney General, acting on behalf of the state of Idaho and pursuant to his authority under the [Idaho Consumer Protection Act](#), initiated and concluded a number of noteworthy enforcement actions in FY 2017. This section summarizes many of the office's consumer protection settlements and actions during the past fiscal year.

### **Treasure Valley Marine, Inc., Bohnenkamps Whitewater Customs, Inc., & Christopher Bohnenkamp**

In July 2015, the Attorney General began investigating Boise-boat builder Christopher Bohnenkamp based on allegations that consumers paid him hundreds of thousands of dollars for custom boats they never received. The Attorney General subsequently sued Bohnenkamp and his two companies, alleging they committed multiple violations of the Idaho Consumer Protection Act and the Idaho Rules of Consumer Protection.

Litigation against Bohnenkamp ended on July 12, 2016, with a judgment that prohibits him from ever again operating a boat-related business in Idaho. The judgment imposed \$40,000 in civil penalties, \$372,368 in consumer restitution, and \$2,500 in attorney fees and costs.

Presently, Treasure Valley Marine is undergoing Chapter 7 bankruptcy, and, on August 8, 2017, Bohnenkamp, who pled guilty to federal criminal charges, was sentenced to five years and three months by the U.S. District Court for the District of Idaho.

### **USA Discounters, Ltd, a/d/b/a USA Living & Fletcher's Jewelers**

The Attorney General joined a 50-state settlement on September 29, 2016, with the now-defunct retailer USA Discounters, Ltd, which sold overpriced consumer products on high-interest credit plans to members of the military, veterans, and government employees. The company also operated USA Living and Fletcher's Jewelers.

The September 29, 2016, settlement concerned USA Discounters' misleading, deceptive, and abusive collection tactics. The company contacted military members' chains-of-command, causing some service members to lose security clearances and face demotions. USA Discounters filed lawsuits only in Virginia, regardless of the consumers' residence or the service members' deployment status.

USA Discounters agreed to provide customer relief valued at an estimated \$95.9 million with the majority of relief benefitting active service members and veterans. The relief to 62 Idaho consumers was \$137,625.

**Volkswagen Aktiengesellschaft, d/b/a Volkswagen AG; Audi AG; Volkswagen Group of America, Inc., d/b/a Volkswagen of America, Inc.; Audi of America, LLC; Volkswagen Group of America Chattanooga Operations LLC; Dr. Ing. H.C. F. Porsche AG; & Porsche Cars North America, Inc.**

Volkswagen agreed to pay \$2.6 million to the state and restitution to Idaho consumers for violating consumer protection laws and selling and leasing vehicles equipped with technology designed to circumvent environmental laws and regulations. The company must make cash payments to consumers estimated at \$5,100 per eligible Volkswagen owner and either buy back or modify certain Volkswagen, Porsche and Audi 2.0-liter and 3.0-liter diesel vehicles sold in Idaho.

The multistate investigation began in 2015 and confirmed that Volkswagen sold hundreds of thousands of 2.0-liter and 3.0-liter diesel vehicles in the United States that were equipped with “defeat device” software intended to circumvent emission standards for air pollutants. The company tried to conceal the existence of the device and misrepresented the vehicles as environmentally friendly and in compliance with emission standards. In fact, Volkswagen knew the vehicles were emitting harmful oxides of nitrogen (NOx) at rates many times higher than allowed by law.

Volkswagen must implement a national restitution and recall program for more than 475,000 owners and lessees of certain vehicles at a cost of more than \$10 billion. This includes over 3,000 vehicles purchased by Idaho consumers. As of the date of this report, 2,492 claims have been completed for Idaho consumers with a total payment to them of \$49,148,753, which includes reimbursement for their vehicles plus restitution. The restitution for these consumers is calculated to be approximately \$12,000,000. 1,317 claims made by Idaho consumers remain yet to be processed, with an expected approximate additional total payment of \$14,041,877 yet to be made, of which \$6,585,000 is expected to be restitution.

The October 24, 2016, settlement agreement is part of a series of settlements between the Volkswagen companies, 43 states, and the federal government. The federal settlement requires Volkswagen to pay \$2.7 billion into a trust to support environmental programs throughout the country to reduce NOx emissions. Idaho will be eligible to receive \$16.2 million for these mitigation programs.

**Moody's Corporation, Moody's Investors Service, Inc., & Moody's Analytics, Inc.**

In a January 24, 2017, multistate settlement totaling nearly \$864 million, Moody's Corporation, Moody's Investors Service, Inc., and Moody's Analytics, Inc. (Moody's) paid

\$7,488,167 to Idaho to resolve allegations regarding Moody's representations of independence and objectivity in the rating of structured finance securities. These securities included residential mortgage-backed securities and collateralized debt obligations, which were at the center of the financial crisis that began in 2007. Moody's represented to consumers that its Aaa rating carried a specific level of risk, and the investigation found evidence that Moody's altered its process so that the Aaa rating represented a greater risk than Moody's disclosed to investors and consumers. The investigation also found evidence that Moody's gave in to pressure from big banks, which were powerful, repeat customers that paid Moody's millions of dollars to rate these securities. The banks needed Aaa ratings in order to sell these securities to institutional investors, such as pension plans and retirement plans. Moody's conduct helped to contribute to the financial crisis.

In addition to the monetary settlement, Moody's has agreed to abide by new compliance practices that include enhancements to oversight. The company also will continue to maintain its previously implemented restrictions on how it compensates certain employees and provide analyst training.

The settlement involved 22 states, including Idaho, the District of Columbia, and the U.S. Department of Justice.

### **Western Union Company**

The Attorney General joined a multistate settlement on January 31, 2017, with Western Union Company. The settlement addresses the company's ongoing problem with criminals using the company's wire-transfer service to defraud consumers and stipulates that Western Union must improve its anti-fraud business practices.

Western Union agreed to pay \$5 million to the states to reimburse them for the investigation. Idaho received approximately \$47,000. Through a settlement with the Federal Trade Commission and the Department of Justice, Western Union paid \$586 million into a restitution fund to address consumer losses.

### **Johnson & Johnson Consumer Inc. and Johnson & Johnson**

The Attorney General joined a \$33 million multistate settlement on May 25, 2017, involving Johnson & Johnson Consumer Inc. and Johnson & Johnson. The settlement resolves allegations against McNeil-PPC, Inc., a subsidiary of Johnson and Johnson.

According to FDA findings, between 2009 and 2011, McNeil's manufacturing facilities failed to comply with federally-mandated current Good Manufacturing Practices (cGMP). McNeil's noncompliance resulted in drug recalls for brands like Tylenol, Motrin, Benadryl and Sudafed. The settlement resolves allegations that McNeil violated Idaho's consumer protection laws by misrepresenting the cGMP compliance and quality of these drugs.

Idaho's portion of the settlement was just over \$430,000.

## SECURITY BREACH ACTIONS

### Federal Trade Commission's Identity Theft Data Report March 2017

**Complaints from Idaho Victims = 1,348**  
*Identity Theft Types Reported by Idaho Victims*

Rank	Identity Theft Type	No. of Complaints	% of Total
1	Employment- or Tax-Related Fraud	509	38%
2	Credit Card Fraud	371	28%
3	Loan or Lease Fraud	183	14%
4	Bank Fraud	116	9%
5	Phone or Utilities Fraud	113	8%
6	Gov't Documents or Benefits Fraud	47	3%
	Other	176	13%

[Idaho law](#) defines a security breach as “the illegal acquisition of unencrypted computerized data that materially compromises the security, confidentiality, or integrity of personal information for one or more persons maintained by an agency, individual or commercial entity.” Personal information, which excludes publicly available information, means an Idaho consumer’s name and the consumer’s unencrypted Social Security number, driver’s license number, or financial account and PIN/password.

An Idaho government agency that incurs a security breach must report the breach to the Attorney General.

Commercial entities have no obligation to report breaches of their security systems to the Attorney General or other state regulator.

The Attorney General, however, typically receives breach notices from national corporations that, as a matter of course, notify all states of security breaches. To help inform consumers about these security breaches, the Attorney General issues consumer alerts through the media and his Twitter account: [@lawrencewasden](#).

Additionally, the Attorney General participates in a multistate working group with other state attorneys general to investigate large breaches. Acting pursuant to the Idaho Consumer Protection Act, title 48, chapter 6, Idaho Code, the Attorney General occasionally enters into multistate settlements involving large commercial entities whose security breaches have significantly impacted Idaho’s consumers.

### Target Corporation

On May 23, 2017, Idaho joined 46 states and the District of Columbia in reaching an \$18.5 million settlement with Target Corporation to address its 2013 data breach. The breach affected more than 41 million payment card accounts and contact information for 60 million customers. In Idaho, the breach affected approximately 140,000 payment card accounts and contact information for approximately 280,000 customers.

The states’ investigation revealed that cyber attackers accessed Target’s gateway server through credentials stolen from a third-party vendor. The credentials were then used to exploit weaknesses in Target’s system, which allowed the attackers to access a customer service database and install malware on the system to capture data. The attackers collected

consumers' full names, telephone numbers, email and mailing addresses, and payment card numbers, expiration dates, verification codes, and encrypted debit PINs.

The settlement requires Target to maintain an information security program and appropriate encryption policies, particularly as they pertain to cardholder and personal information data. Target also must retain an independent third party to conduct a comprehensive security assessment of the company. Idaho received \$192,956 from the settlement funds to cover its fees and investigative expenses.

## **COMPETITION ACTIONS**

A marketplace free of unreasonable restraints of trade yields the best allocation of economic resources, the lowest prices, the highest quality, and the greatest material and innovative progress. The [Idaho Competition Protection Act](#), title 48, chapter 1, Idaho Code, promotes economic competition in Idaho's marketplace.

The Attorney General successfully completed two competition matters in FY 2017. Additionally, in late 2016, St. Luke's completed its divestiture of Saltzer Medical Center in compliance with the court's decision that St. Luke's acquisition of Saltzer Medical Center violated the Idaho Competition Act. The Attorney General also finished implementing the restitution requirements of a price-fixing lawsuit that began in 2006.

### **Cephalon, Inc., Barr Laboratories, Inc., Teva Pharmaceutical Industries Ltd., & Teva Pharmaceuticals USA, Inc.**

The Attorney General joined a \$125 million, multistate settlement with Cephalon, Inc., Barr Laboratories, Inc., Teva Pharmaceutical Industries Ltd., and Teva Pharmaceuticals USA, Inc., ("Cephalon") on July 28, 2016. The settlement concerned anticompetitive conduct by Cephalon to delay generic versions of a eugeroic prescription drug Provigil® from entering the market. Cephalon's actions caused consumers, states, and others to pay hundreds of millions more for the drug than they would have had lower-priced generic versions been available.

A \$35 million consumer fund was established to reimburse consumers who purchased Provigil® or a generic version of the drug (modafinil) between June 24, 2006, and March 31, 2012. Idaho consumers had until June 25, 2017, to apply to the consumer fund for an estimated \$175,000 in available restitution. The state will receive \$574,000 in disgorgement funds and to reimburse state entities that purchased Provigil®.

### **Barclays Bank PLC & Barclays Capital, Inc.**

Idaho joined a \$100 million nationwide settlement on August 8, 2016, with Barclays Bank PLC and Barclays Capital, Inc., to resolve a multistate investigation into Barclays' alleged fraudulent and anticompetitive manipulation of the London Interbank Offered Rate (LIBOR). LIBOR is a benchmark interest rate that determines what rate one bank can receive a loan from another LIBOR bank. Ultimately, LIBOR affects financial instruments worth trillions of dollars and impacts consumers and markets on a global scale.

A settlement fund of \$93.3 million was established for government entities and nonprofits that entered into LIBOR-linked swaps and other investment contracts with Barclays between 2005 and 2010. In Idaho, \$1 million in restitution was distributed in July to Idaho Housing & Finance Association, Idaho National Engineering & Environmental Labs Employee Retirement, the Idaho State Building Authority, and the Public Employee Retirement System of Idaho.

### **Dynamic Random Access Memory Manufacturer (DRAM) Litigation**

The Dynamic Random Access Memory Manufacturer (DRAM) multistate litigation involved 13 manufacturers of computer memory chips and represented millions of dollars in damages to Idaho's consumers, including businesses and government agencies. The multistate litigation, which the Attorney General joined in 2006, stems from allegations that the manufacturers violated the Idaho Competition Act and federal antitrust law by coordinating the sales prices of their memory chips. As a result of the manufacturers' alleged price fixing, Idahoans paid higher prices for computers and other electronics.

The Attorney General, along with other state attorneys general, entered into settlement agreements collectively totaling \$310 million. In May 2016, the trial court approved the settlements' distribution plan. The Settlement Administrator issued checks to all eligible individual and business class members during the summer of 2016.

To help offset the unfair prices that Idaho school districts and city offices paid for computers in the early 2000s, the Attorney General sent restitution checks to over 40 local government agencies in June 2017. The total amount the Attorney General distributed to Idaho entities was \$111,607.

### **St. Luke's Health System, Ltd. & Saltzer Medical Group, P.A.**

The Attorney General and the Federal Trade Commission (FTC) filed a lawsuit against St. Luke's and Saltzer Medical Group in March 2013, alleging that St. Luke's acquisition of Saltzer violated federal and state antitrust and competition law. Specifically, the Attorney General and the FTC argued the acquisition substantially lessened competition for the healthcare industry in the Nampa, Idaho, area.

On February 28, 2014, the trial court ruled in favor of the Attorney General and the FTC. The court ordered St. Luke's to divest itself of Saltzer's physicians and assets and to take any further action needed to unwind the Saltzer acquisition. On December 10, 2015, the court issued an order implementing the court's February 2014 judgment.

The parties appointed a divestiture trustee and a monitor to oversee the divestiture process and to monitor St. Luke's compliance. On May 1, 2017, St. Luke's completed the Saltzer divestiture, thereby concluding this matter.

## TELEPHONE SOLICITATION ACTIONS

Recognizing the potential for abuse that is inherent in telephone sales, the Legislature enacted the [Idaho Telephone Solicitation Act](#) (ITSA), title 48, chapter 10, Idaho Code, in 1992. The ITSA safeguards the public against deceit and financial hardship, encourages competition and fair dealings among the telemarketing industry, and prohibits telemarketers from using representations that have the tendency or capacity to mislead purchasers.

Idaho's Do Not Call law, which established the state's "no telephone solicitation contact list," predates the National Do Not Call Registry and subjects violators to civil penalties of up to \$5,000 per violation. When the National Do Not Call Registry was created in 2004, all Idaho numbers registered on the Idaho-only list were transferred to the National Registry. The Federal Trade Commission last reported the National Do Not Call Registry contained 1,146,623 active Idaho telephone numbers.

### **Stop Unwanted Calls, Texts, and Faxes**

Phone carriers and third parties provide consumers a variety of ways to block or limit unwanted calls, texts, and faxes.

On its [website](#), the Federal Communications Commission posts links to the websites of most cell phone and landline carriers. Each carrier provides instructions on how to access its call blocking service.

Also, consumers may download free or low-cost call-blocking apps for their [Android](#) or [iOS](#) devices.

Consumers filed 13 consumer complaints in FY 2017 about allegedly deceptive calls from telephone solicitors. The Consumer Protection Division also received 198 emails from consumers who reported receiving unwanted telephone calls from callers who are not "telephone solicitors" under Idaho law. Such individuals include appointment setters, debt collectors, survey companies, charities, and persons engaged in criminal conduct (e.g., government imposter scams, illegal lotteries/sweepstakes, grandparent scams).

Because it manages the Do Not Call Registry, the Federal Trade Commission receives the bulk of consumers' telephone call complaints. In its most recent Do Not Call report, the Commission reported it had received 26,449 complaints from Idahoans regarding unwanted calls.<sup>1</sup> It is important to note that most of the complaints the Commission received concerned imposter scams and not legitimate telephone solicitors.

In addition to prohibiting telephone solicitors from calling numbers on the National Do Not Call Registry, the Idaho Telephone Solicitation Act requires telephone solicitors to register with the Attorney General's Consumer Protection Division before they begin soliciting in Idaho. In FY 2017, the Consumer Protection Division received applications from 27 individuals seeking approval to telephone solicit in Idaho. Only 14 applications were approved. Five applicants were exempt from Idaho's registration requirement, and did not need to register. The remaining eight applicants were rejected and chose not to reapply.

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<sup>1</sup> Federal Trade Commission, National Do Not Call Registry Data Book FY 2016 (Dec. 2016).

In FY 2017, the Attorney General investigated and resolved two additional cases involving telephone solicitors who allegedly misrepresent their affiliation with the U.S. Department of Transportation. The Attorney General previously settled with (a) Vurv, LLC/Drug Testing Compliance Group, LLC (Jan. 2016); (b) Transportation Compliance Services, LLC (April 2016); and (c) Blak, Inc. (June 2016).

### **US Registration, Inc., & DOT Transportation Services, Inc.**

The Consumer Protection Division first learned of US Registration, Inc., and DOT Transportation Services, Inc., in July 2016. Purchasers alleged that shortly after they received their DOT numbers from the U.S. Department of Transportation (USDOT), they received unsolicited calls from US Registration implying the company represented or was affiliated with USDOT. Representatives falsely told purchasers they were calling to finish up the USDOT registration process or that purchasers forgot to complete the process.

US Registration and the Attorney General executed a settlement on November 21, 2016. At the beginning of its calls, US Registration must clearly and conspicuously convey that it is calling to sell goods or services. The company is prohibited from using any name (e.g., agency) or making any misleading statements that implies it is affiliated with a government agency. US Registration also must include an oral and written notice of the purchaser's right to cancel the transaction. A consumer restitution process was arranged for purchasers to receive refunds, and the company paid \$1,000 to the Attorney General for his fees and costs.

### **US Registration, Inc., d/b/a DOT Safety & Compliance, & Travis Hopkins, d/b/a US Registration**

A consent judgment with US Registration and its owner Travis Hopkins was entered on March 29, 2017. The judgment stems from US Registration's allegedly unlawful activity in late 2016 under the name DOT Safety & Compliance. US Registration was not registered to solicit under that name and allegedly failed to honor Idaho's three-day cancellation law.

The judgment prohibits US Registration or Hopkins from engaging in unsupervised telemarketing in Idaho for five years. Hopkins also refunded consumers and paid \$500 to the Attorney General for his fees and costs.

## **CHARITABLE TRUST ASSET ACTIONS**

The Attorney General enforces a number of statutes related to charitable organizations and the management of their assets: The [Idaho Charitable Solicitation Act](#) (ICSA) prohibits persons from using any false or deceptive acts or practices to solicit charitable contributions. The Idaho Consumer Protection Act provides the Attorney General's investigatory and enforcement authorities under the ICSA.

Additionally, the Attorney General has a statutory duty to ensure that charitable or public trust assets are utilized according to the charitable purpose of the organization, or, if applicable, according to the donor's intent. The Attorney General's responsibility often includes reviewing requests to modify the terms of a charitable trust that has become

imprudent or impracticable. When necessary, the Attorney General intervenes in actions to prevent private parties from unlawfully dissipating charitable trust assets.

## **YMCA of Twin Falls**

The YMCA of Twin Falls was the subject of an Attorney General investigation that concluded with a written report on September 14, 2016. The investigation began earlier in the year amid allegations the former executive director misappropriated more than \$1 million in restricted donations between 2011 and 2016. Allegedly, the executive director used money donated for specific projects, such as an indoor water park, to cover shortfalls in the operating budget. The executive director resigned in April 2016, leaving a newly-elected board with scant financial information, especially details of donations to the organization.

The investigation revealed poor recordkeeping practices and problems with the organization's charitable solicitation process. Restricted donations were diverted for general operational purposes, but they were not used for private purposes.

In his report to the YMCA of Twin Falls, the Attorney General proposed five best-practice recommendations to help the organization and its board of directors improve future management of the organization's charitable assets. The board also agreed to notify the Attorney General of any missing assets its financial professionals identified.

## **St. Joseph Regional Medical Center, Inc.**

On March 20, 2017, the Attorney General concluded his review and issued his opinion regarding the proposed sale of St. Joseph Regional Medical Center, a nonprofit hospital in Lewiston, to a for-profit subsidiary of Tennessee-based RCCH HealthCare Partners. The review was required under the [Idaho Nonprofit Hospital Sale or Conversion Act](#).

The Attorney General did not object to the sale and concluded it was in the public's best interest. RCCH HealthCare Partners paid \$109 million for the hospital, resulting in \$75 million in net proceeds for St. Joseph Regional Medical Center. RCCH HealthCare Partners agreed to invest \$57 million into capital improvements over the next five years, to maintain the employment of all qualified employees, to continue the hospital's current level of charity care and community services, and to follow the hospital's Catholic Tradition for at least 10 years.

### **Lewis-Clark Healthcare Foundation *Board of Community Advisors* (alphabetical)**

Vanessa Bachman  
Doug Barton  
Michael G. Collins  
Rev. Chuck Cram  
Denice Flerchinger  
Tracy Flynn  
Shannon Grow  
Mark M. Havens, J.D.  
Kent Kinyon  
Timothy H. Krueger  
Sheila McDougall  
Brittany Pope  
Sister Pat Rosholt, CSJ  
John Rusche, M.D.  
Laura Von Tersch

Ascension Health, the sole Sponsor of St. Joseph Regional Medical Center, agreed to contribute \$23 million to an independent healthcare foundation, now called the Lewis-Clark Valley Healthcare (LCVH) Foundation. RCCH HealthCare Partners generously donated \$2

million to the LCVH Foundation, along with a piece of real estate commonly known as Carondelet House.

Idaho Trust Bank agreed to serve as trustee for the LCVH Foundation and executed a Declaration of Trust on April 28, 2017. The Attorney General selected the initial Board of Community Advisors from 35 applicants. The initial Board will prepare the LCVH Foundation's operational policies.

For years to come, the LCVH Foundation will benefit the health and well-being of persons living in five Idaho counties, three Washington counties, and one Oregon county. LCVH Foundation is committed to supporting activities, programs, projects, and policies that promote health, wellness, disease prevention, and health equity and that reduce the health risks, disparities, or burdens of illness for persons within the service area.

Visit [www.ag.idaho.gov](http://www.ag.idaho.gov) and click on the "LCVH Foundation" button to learn more about the Foundation's mission.

## **TOBACCO ENFORCEMENT**

The Attorney General enforces [Idaho's Tobacco Master Settlement Agreement, Tobacco Master Settlement Agreement Complementary, Prevention of Minors' Access to Tobacco, and Reduced Cigarette Ignition Propensity](#) Acts. Enforcement of these laws includes prosecuting violators and defending the laws against constitutional challenges in state and federal court actions.

Each year the tobacco industry makes a payment to the state to help it cover costs related to treating tobacco-related illnesses. In FY 2017, the tobacco industry paid \$22,963,291 to Idaho, which was deposited into the Millennium Fund. Since the MSA was entered into in 1998, Idaho has received payments totaling \$454,730,449.

Under Idaho's tobacco sales laws, the Attorney General maintains and administers a [directory of tobacco manufacturers and brands](#) that are in compliance with Idaho law. At present, the Attorney General has certified 31 tobacco manufacturers and 134 tobacco brands. The directory is available on the tobacco webpage of the Attorney General's website.

The Attorney General continues to litigate with the tobacco industry over the state's enforcement of certain Idaho tobacco laws. The industry disputes the effectiveness of the state's enforcement efforts and seeks to eliminate potentially tens of millions of dollars of Idaho's tobacco MSA payments.

# Consumer Education and Outreach

Public awareness and education remain the best defenses against consumer fraud. Providing Idaho's consumers with timely, accurate information about their rights under Idaho's consumer laws and warning consumers about pervasive scams encourages Idahoans to maintain their personal and financial vigilance. Educated consumers are better equipped to monitor and judge a business's practices, thereby promoting a more compliant and competitive marketplace.

The Attorney General provides consumer information through his website, social media, public service announcements, pamphlets and consumer tip sheets, consumer alerts, and public speaking engagements. Information and guidelines are available to companies operating in Idaho, and the Attorney General strives to continue his cooperative working relationship with Idaho's business community.

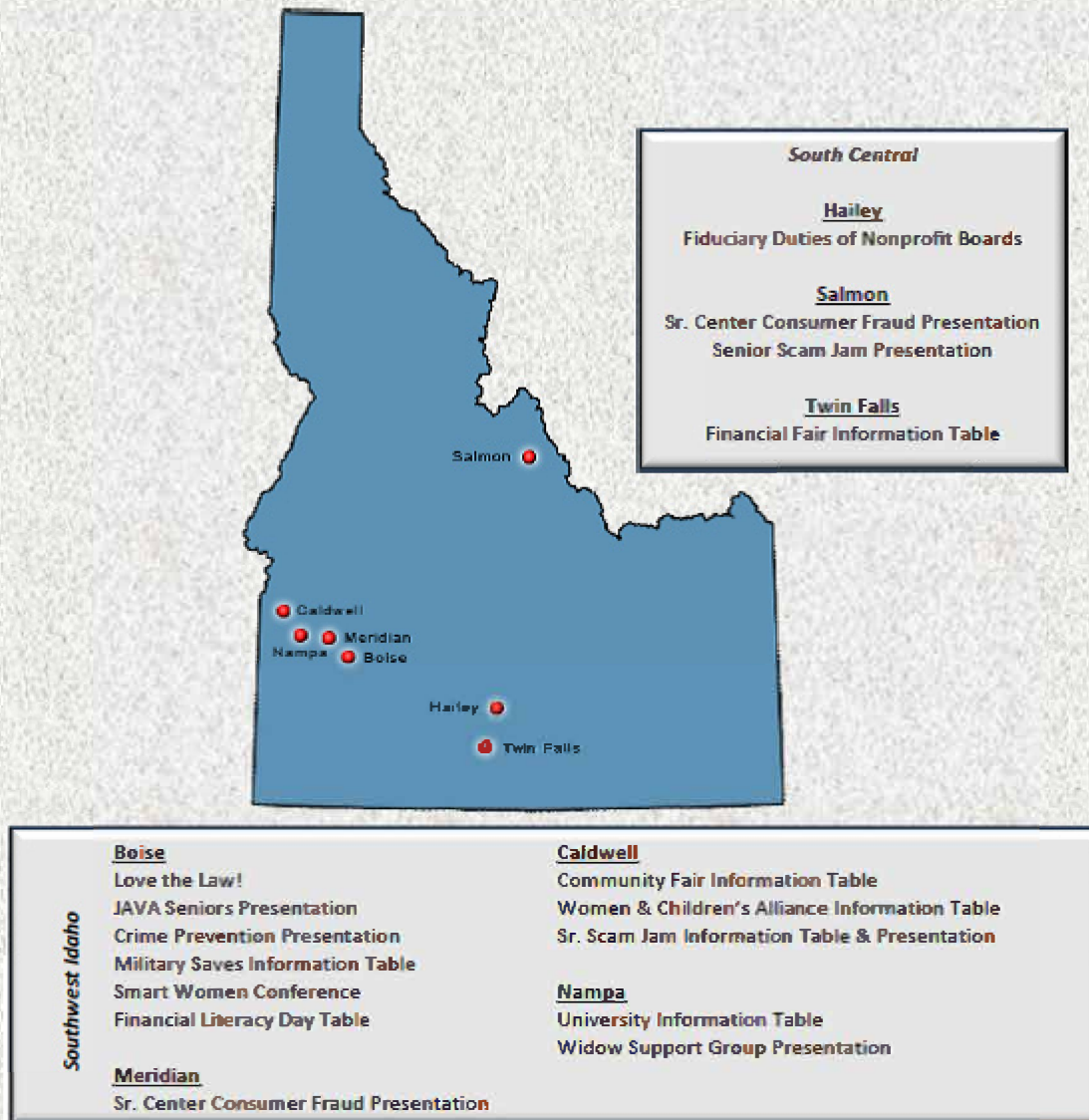
The Attorney General's educational and outreach efforts do not use tax dollars. Civil penalty payments and reimbursements for the Attorney General's fees and investigative costs are deposited into the consumer protection account. Funds from this account, pursuant to legislative appropriation, pay for the Attorney General's educational activities.

## CONSUMER PROTECTION DIVISION WEBPAGE

<b>Consumer Alerts</b>	Informs the public of current scams and how to avoid them.
<b>Consumer Topics</b>	Provides information about buying a car, credit and debt issues, housing, charities, identity theft, Internet safety, contractors, travel scams, and work-at-home offers.
<b>Pending Actions</b>	Advises the public about the Attorney General's ongoing consumer- and competition-related litigation.
<b>Settlement Information</b>	Explains how eligible consumers can apply for restitution under the terms of recent state and multistate settlements.
<b>Telephone Solicitations</b>	Provides information about Idaho's telemarketing registration process and a downloadable registration application.

## COMMUNITY EDUCATION AND OUTREACH

Each year the Attorney General and the Consumer Protection Division's attorneys and consumer specialists give educational presentations to Idaho's consumers, businesses, organizations, and agencies. At outreach events, attendees learn about current scams, identity theft, financial fraud, nonprofit board service, and other consumer issues. This year the Consumer Protection Division participated in 23 outreach events in Southwest and South Central Idaho. The graphic below identifies some of the events the office attended in FY 2017:



In addition to outreach events, the Attorney General developed a public service ad campaign regarding consumer protection issues. Broadcasters donated \$138,702 in advertising time, allowing the radio ads to run over 7,800 times throughout Idaho between April 1 and June 30, 2017.

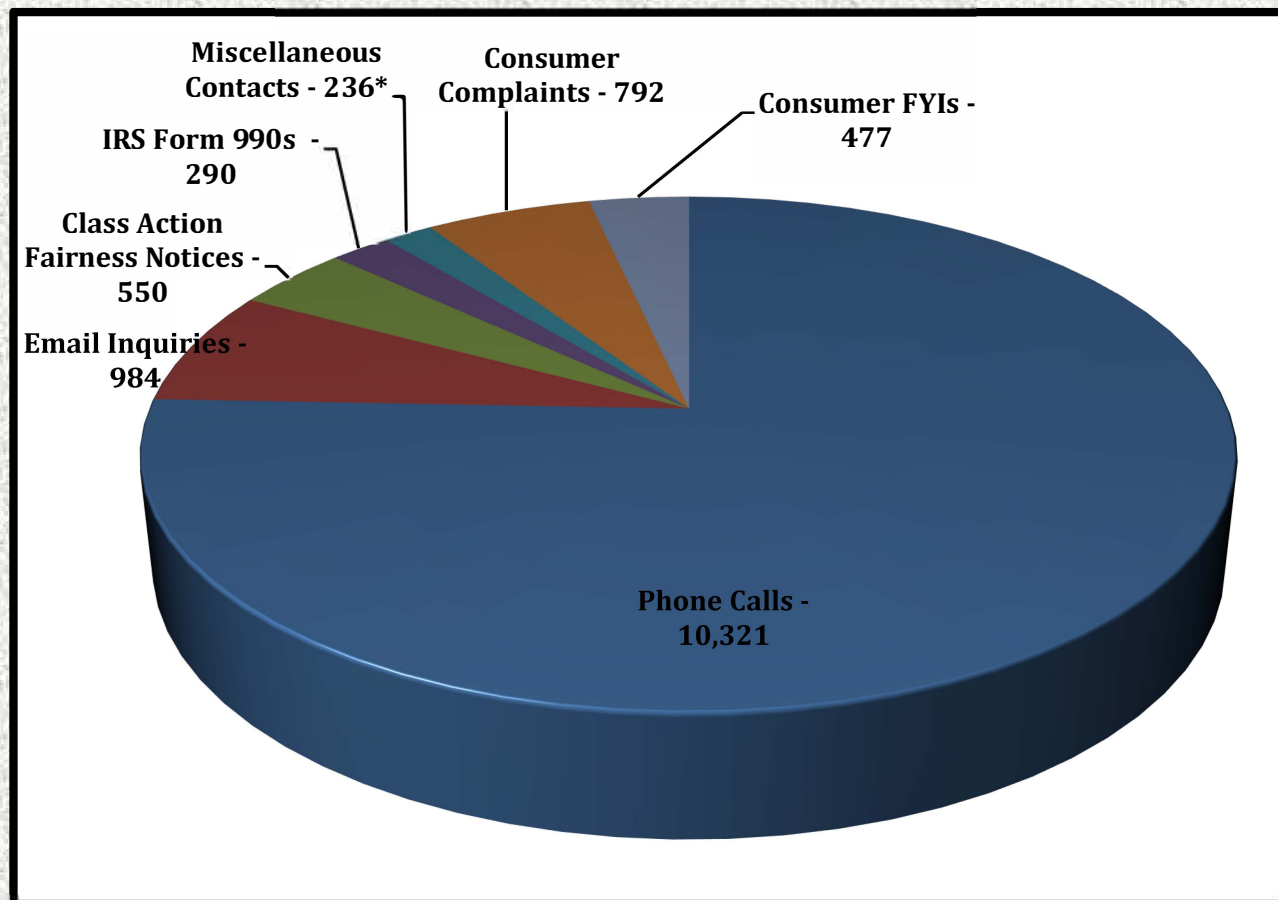
# Complaints and Other Contacts

Each year, the Division's consumer specialists, telemarketing and housing specialist, receptionist, and deputy attorneys general have thousands of contacts with the public, the media, other government agencies, and law enforcement. The Division logs each of these contacts so it can:

- identify patterns of law violations;
- evaluate areas where additional resources are required;
- account for the Division's annual budgetary expenditures; and
- report the data to the public each year.

In FY 2017, the Consumer Protection Division processed 13,650 contacts, including telephone calls, email inquiries, consumer complaints and FYIs, class action settlement notices, private foundation filings, and other contact types.

**FY 2017 Consumer Contacts**



\*Includes business bankruptcy notices (17), security breach notices (34), unsolicited fax notices (48), charitable trust accountings (27), inquiries (12), public record requests (60), telephone solicitor applications (27), and other contacts (11).

## CONSUMER COMPLAINT DATA

The Attorney General's Consumer Protection Division accepts written complaints from consumers who wish to report an alleged violation of a law the Attorney General enforces. In FY 2017, the Division received 792 consumer complaints.

### **Filing a Complaint Online**

Consumers may file complaints online at:

[www.ag.idaho.gov](http://www.ag.idaho.gov)

#### **Consumer Protection Complaints**

1. Click the "Consumer Complaints" button on the left side of the Homepage
2. Read the Explanation and Information
3. Complete and Sign the Form
4. Click "Submit Form"

#### **Do Not Call Complaints**

1. Click "Consumer Protection" on the right side of the Homepage
2. Click "Do Not Call" in the drop-down menu
3. Click the "File a Complaint" link
4. Complete the Form
5. Click "Submit Form"

The Division's two consumer specialists and one telemarketing and housing specialist process incoming complaints for the investigator's review. If a complaint is appropriate for the Division's informal dispute resolution program, the complaint is sent to the identified business with a request for a written response. The investigator reviews the business's response and determines what further action, if any, is appropriate. Most businesses understand the benefits of addressing their customers' concerns and voluntarily respond to complaints.

Not every complaint is appropriate for the Division's mediation process. Such complaints include those involving businesses licensed by government agencies or boards (e.g., the Idaho

Department of Finance or Idaho State Bar) or complaints involving issues beyond the Division's scope of authority (e.g., criminal matters). The Division attempts to refer complaints to other agencies that may be able to assist the consumer.

Every complaint the Division receives is categorized into one of over 100 categories that reflects the subject of the complaint. The categories range from "Adoption Services" to "Work-at-Home Offers" and, for the most part, cover subjects that fall directly or indirectly within the Division's enforcement authority. In some instances, a complaint is subcategorized into an even more specific topic, such as a type of good or service (e.g., household appliances or ticketing services). By categorizing incoming complaints and analyzing trends, the Division can better determine where to focus its limited enforcement resources.

For comparison purposes each year, the Division lists the top 10 categories in which the Division classified a majority of the year's complaints. The number one complaint category—motor vehicles—has remained the same since 2013. The other categories have varied over the past years, often illustrating instances where the Division received multiple complaints in response to an enforcement action, consumer alert, or media report.

TOP 10 COMPLAINT CATEGORIES				
RANK	COMPLAINT CATEGORY	FY 2017 TOTAL	↑ ↓	FY 2016 TOTAL
1	MOTOR VEHICLES	88	↓	132
2	LANDLORD/TENANT ISSUES	59	↑	55
3	CONSTRUCTION & CONTRACTORS	44	↑	43
4	HEALTH CARE: DENTAL/OPTICAL/MEDICAL	36	↓	56
5	CABLE & SATELLITE TV ISSUES (TIE)	32	↑	30
	INTERNET SALES & SERVICES (TIE)		↑	31
6	INTERNET SERVICE PROVIDERS	29	↓	38
7	CELLULAR SERVICES & SALES	23	↓	30
8	COLLECTION ACTIVITIES & ISSUES (TIE)	21	↓	35
	LOANS & MORTGAGE LENDERS (TIE)		↓	44
9	SECURITY SYSTEM SALES & SERVICES (TIE)	16	↑	NOT LISTED
	TIMESHARE SALES & REALES (TIE)	16	↑	NOT LISTED
10	CREDIT CARD PROCESSING SYSTEM SALES	14	↑	NOT LISTED
	ALL OTHER COMPLAINT CATEGORIES	414	↑	272
	<b>TOTAL COMPLAINTS RECEIVED</b>	<b>792</b>	<b>↑</b>	<b>791</b>

### “All Other” Complaints

This fiscal year, the number of complaints included in the catch-all “All Other” category increased 52% from last fiscal year. This increase demonstrates the wide-variety of complaint topics the Consumer Protection Division handles and the particularization of the Division’s internal classification system. Presently, the Consumer Protection Division system has more than 100 categories and subcategories. In FY 2017, the Division received complaints that fell within approximately 75 of those subcategories and subcategories.

### Motor Vehicles

Although the number of motor vehicle complaints decreased this fiscal year, it remained the top complaint category for the fourth year in a row. Complaints involve new and used car sales and repairs, manufacturer defects, and dealer advertising. Consumers continue to

express frustration with (a) dealers allegedly misrepresenting the quality, condition, or benefits of their advertised cars, (b) dealers allegedly selling cars with branded titles or rolled-back odometers, (c) dealers allegedly distributing misleading or deceptive car advertisements, (d) sellers allegedly misrepresenting the terms of extended service contracts, and, among other issues, (e) car repair persons allegedly misrepresenting the work they performed.

## **Landlord-Tenant**

The Consumer Protection Division continues to receive increasing numbers of complaints and consumer contacts regarding the rental industry. This trend is driven in part by Idaho's tight rental market. For example, the vacancy rate for single-family homes in Ada County as of July 31, 2017, was 3.5%.<sup>2</sup> The vacancy rate for multi-family properties was 3.7%. In Canyon County the rates were 2.7% (single-family) and 3.6% (multi-family).<sup>3</sup>

In their complaints, tenants report onerous lease terms, high fees, and difficulties obtaining necessary property repairs. Tenants' complaints primarily involve property management companies as opposed to individual landlords.

The Attorney General does not enforce Idaho's limited landlord tenant laws, but does mediate tenant complaints alleging deceptive business practices. Additionally, the Attorney General publishes on his website the [Landlord and Tenant Guidelines](#), a reference manual that explains the parties' rights and obligations under Idaho's relevant laws.

## **Construction & Contractors**

Issues involving contractors—registered and unregistered—continue to concern Idaho's consumers. Common complaints include unfinished projects, shoddy workmanship, subcontractor liens, and contractors failing to provide consumers with their pre-purchased services.

The Consumer Protection Division attempts to mediate construction-related complaints, but also refers them to the Idaho Contractors Board for its information. The Attorney General encourages a consumer to file a complaint with the Consumer Protection Division if:

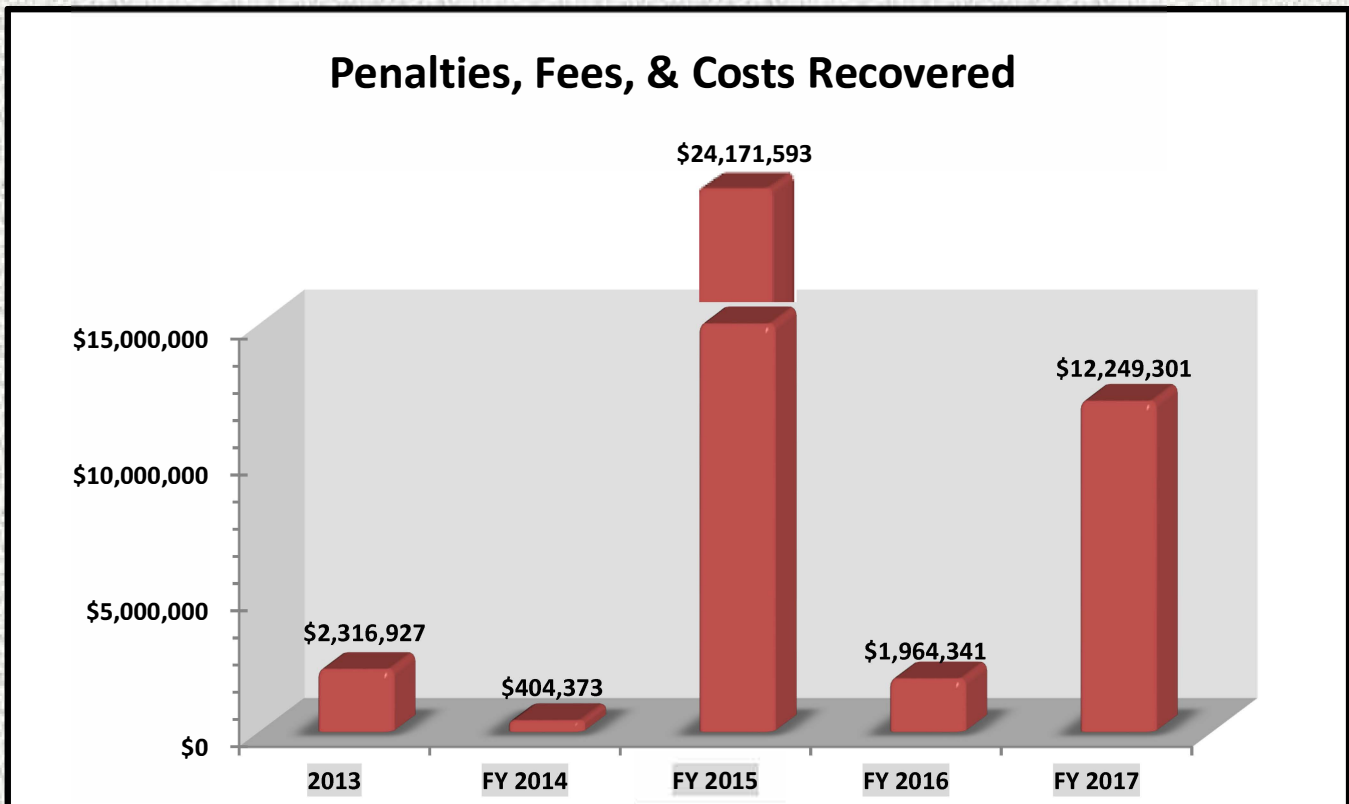
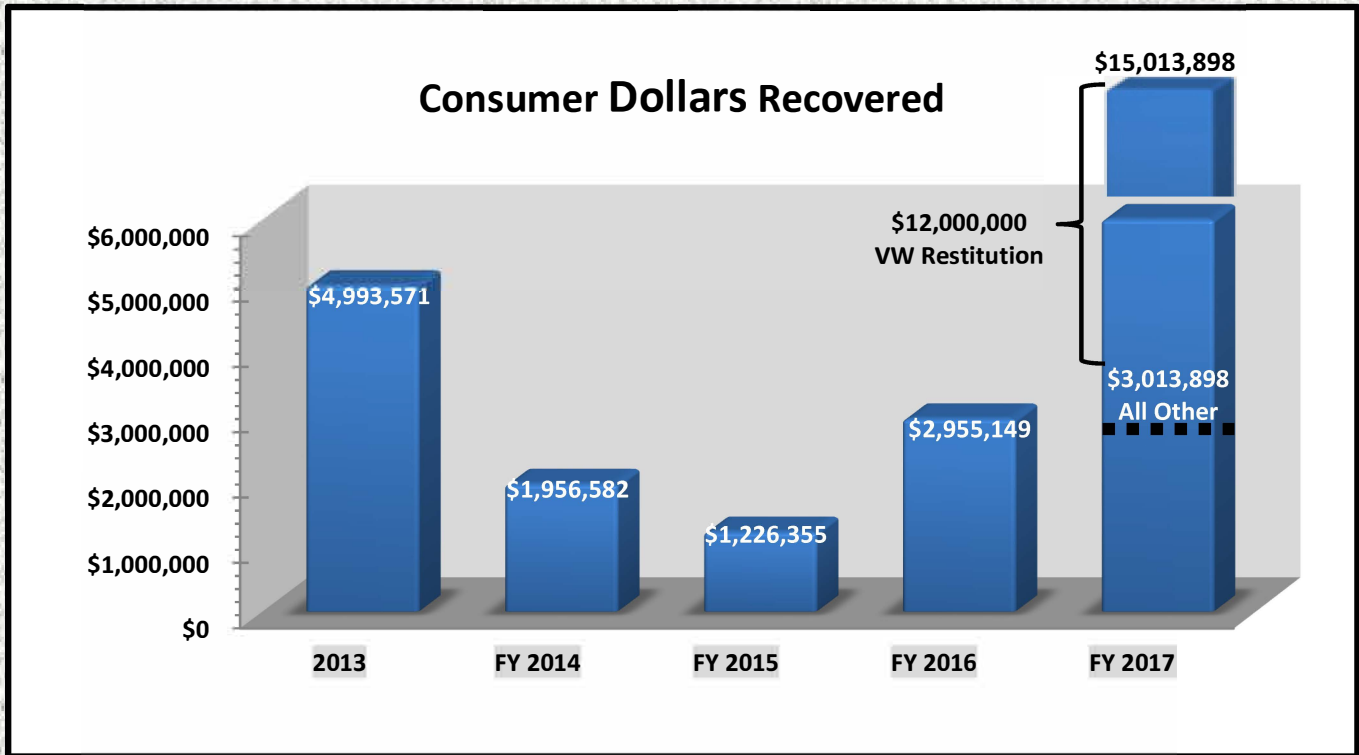
- a contractor engages in unfair, misleading, or deceptive acts or practices,
- a subcontractor files a lien against the consumer's property because the contractor failed to pay the subcontractor, or
- a contractor fails to provide the written disclosures required under Idaho Code § 48-525.

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<sup>2</sup> Southwest Idaho NARPM Vacancy Report Q2 2017 (July 31, 2017).

<sup>3</sup> Southwest Idaho NARPM Vacancy Report Q2 2017 (July 31, 2017).

## FIVE-YEAR COMPARISON CHARTS: CONSUMER RECOVERIES, PENALTIES, & FEES



## CONSUMER PROTECTION NUMBERS: FIVE YEARS AT A GLANCE

ACTIVITY	FY 2017	FY 2016	FY 2015	FY 2014	2013
Complaints Received	792	791	869	829	1,024
All Consumer Contacts	13,650	12,861	11,754	9,678	10,107
Consumer Dollars Lost	\$1,909,914	\$2,106,951	\$1,833,043	\$1,615,847	\$2,623,417
Consumer Dollars Recovered*	\$15,013,898	\$2,955,149	\$1,226,355	\$1,956,582	\$4,993,571
Penalties & Costs Recovered	\$12,249,301	\$1,964,341	\$24,171,593	\$404,373	\$2,361,927
Enforcement Actions	13	22	26	13	16
Registered Telemarketers	14	16	18	15	15
Numbers on DNC Registry	1,146,623	1,129,590	1,101,598	1,119,074	1,119,074

\*Includes restitution obtained through enforcement actions (\$717,489) and consumer dollars recovered through informal dispute resolution (\$275,164). Also includes: (a) RCCH HealthCare Partners' \$2 million contribution to the Lewis-Clark Valley Healthcare Foundation, (b) charitable trust benefits valued at \$21,245 that Soldier Mountain's new owners distributed in FY 2016, but reported to the Attorney General in FY 2017, and (c) \$12,000,000 in restitution paid to Idaho consumers through the VW settlement to date.

**For more information about this report, to file a consumer complaint, or to request a consumer education presentation, please:**

<b>VISIT:</b>	Consumer Protection Division 954 W. Jefferson St., 2 <sup>nd</sup> Floor Boise, ID 83702
<b>WRITE:</b>	Consumer Protection Division P.O. Box 83720 Boise, ID 83720-0010
<b>CALL:</b>	(208) 334-2424 (or) (800) 432-3545 (toll free in Idaho)
<b>EMAIL:</b>	<a href="mailto:consumer_protection@ag.idaho.gov">consumer_protection@ag.idaho.gov</a> <a href="http://www.ag.idaho.gov">www.ag.idaho.gov</a>

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ATTORNEY GENERAL  
STATE OF IDAHO



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