



Fund 2000: Attorney General Consumer Programs Fund **Report to the EOCJ Appropriations Sub-committee (Sept 2015)**

History and Purpose of the Fund

The Consumer Programs Fund was initially created in 1995 to account for money received from the bankruptcy of an extended warranty provider. The fund was not created in statute, and little information is available on the purpose for the fund. Based on historical documents, the intent for the fund was to allow, where possible, proceeds from such cases as the one described above to be used to further protect consumers and to initiate legal actions in their behalf. Since creation of the fund, other court cases have occasionally produced funds to be used for investigation and litigation costs, consumer education, or consumer aid.

Legislative Request for Reporting & Oversight

During the 2014 General Session of the Legislature a recommendation was made that this fund be reviewed annually as part of the budget process. This report is the second in a series of annual reports that result from that recommendation.

Uses of Fund Balances

In the last four years the AG's office has done substantial work pursuing consumer fraud. Prior to that, this fund had minor balances which were regularly used for a variety of consumer protection efforts through 2004, after which the fund lay dormant until 2012. Since then substantial consumer protection work has been done in the mortgage fraud area. These efforts resulted in a \$22 million settlement to the State General Fund, in addition to substantial relief for victims of these mortgage frauds. Since then, additional mortgage fraud victims have received relief, and other consumer frauds have been pursued using the balance in this fund.

Performance, Results and Accomplishment

In 2011 the AG's office assigned an attorney to represent Utah in the National Mortgage Settlement, a case involving 49 states, Washington D.C. and the federal government, originally against Ally/GMAC, Chase, Citi, Wells Fargo and Bank of America (BOA). This settlement brought more than \$171 million back to the State of Utah. \$22 million of that went directly to the State General Fund. An additional \$45 million was direct relief to victims, and another \$102 million dollars provides indirect relief. Since the original settlement, two more banks have been added, for another \$7.5 million for Utah consumers.

In addition to these recoveries, the attorney has also represented Utah in infractions involving the above named banks in the D.C. district court, and has also represented Utah in the Ally bankruptcy case in New York. There are an estimated eight more banks that will be pursued as part of the National Mortgage Settlement case. In addition to pursuing recoveries from banks, the attorney has also represented Utah in a multi-state settlement with Lender Processing Services, which brought \$1.3 million dollars back to the State.

The attorney not only pursues recoveries, but also assists constituents with mortgage and foreclosure issues on a daily basis. He was involved in bringing representatives from BOA to Utah for loan servicing events, and regularly corresponds with the bank on various constituent cases. Since BOA acquired Country Wide Mortgage, which has a large number of mortgages in Utah, the attorney is involved in suits like Dutcher v. Recon Trust, Garret v. Recon Trust, Bell v. Recon Trust, Lawrence v. Recon Trust and Sundquist v. Recon Trust, which deal with BOA use of Recon Trust to foreclose on Utah citizens in violation of Utah statutes. The AG’s office is looking at joining three other cases. The attorney also participates in the Utah State Loan Modification Fraud Working Group (a multi-jurisdiction joint federal and state team).

Future Funding Availability

Although the state General Fund and Utah citizens have benefited substantially from efforts in this area, no additional settlement money has been received into the fund since 2011. Thus, the balance in this fund has been declining. The \$33,700 remaining balance will be gone within the next few months unless additional amounts, awarded by the courts, are received. At this time no additional awards are anticipated. The following is an eight-year history of the fund’s balance, revenue collected, and expenditures from the fund.

