

Mr. Totten's commentary focuses narrowly on his perceived shortcomings but ignores the fuller picture of what Bill Schuette has done to help Michigan consumers.

For example, in this past year alone, Bill Schuette's team has been leading a number of multistate activities in major actions including the General Motors ignition switch multistate. In that case, we served on the small executive committee leading this 49-state multistate. A settlement was reached in October 2017 whereby GM agreed to pay \$120 million to the participating States, including an enhanced executive committee payment to Michigan of \$4,291,165.45. Other 2017 multistate lawsuits and investigations where Michigan is on the executive committee include the Volkswagen Emissions multistate which resulted in a payment of \$11,738,025.11 to Michigan and two that are still in the investigative stage, the Equifax Data Breach multistate and Midland Funding Debt Collection multistate.

And by solely focusing on one statute, Mr. Totten fails to acknowledge the numerous areas where Attorney General Schuette is at the forefront at providing relief to consumers and going after those criminals that seek to illegally profit through deceptive and fraudulent behavior. The following is a list of eight lawsuits or investigations being conducted or completed in 2017 on behalf of consumers—only one of which has been the subject of a press release.

In March, we concluded the first investigation ever under Michigan's new Solicitation of Deeds Act, MCL 445.1031. This Act, which was authored with input from the Attorney General, is designed to protect consumers from deceptive mailings designed to look like official government documents with a goal of selling homeowners copies of their own property deeds at exorbitant costs. This investigation was commenced in Leelanau County Circuit Court with the cooperation of that County's Register of Deeds. Following the investigation, First Documents, LLC a California limited liability company, agreed to stop sending its mailings to Michigan consumers. Under the agreement, First Documents also paid investigation costs of \$5,000, which were split as follows: (a) \$3,500 was paid to the Court Clerk under a statute anticipating distribution of those funds for the benefit of public libraries in Leelanau County; and (b) \$1,500 was paid to the Attorney General's Office compensating the taxpayers for the time spent on the investigation.

Also in March 2017, this office initiated an investigation under the Michigan Consumer Protection Act (MCPA) against East Lansing Travel Agency, Take Me Away Tours, LLC (TMAT). The investigation commenced after this office received several complaints about the business. Consumers complained that the resident agent and owner, Mary Schultz, canceled trips at the last minute and failed to promptly and completely refund consumers. Following 8 months of investigation, the parties entered into an Assurance of Voluntary Compliance and Discontinuance. This agreement ensured Ms. Schultz would cease operating a travel or trip-planning business in the State of Michigan. It also ensured full refunds to consumers to which refunds were owed (totaling \$5,743.00), as well as interest compensation to consumers in the amount of \$25.00 per consumer (totaling \$800.00). 32 consumers in total will receive payments under the

agreement. Additionally, Ms. Schultz will pay the State of Michigan a total of \$1,500.00 as reimbursement for the costs of investigation.

In August 2017, this Office concluded an investigation of Kohn Home Cleaning and its principals by commencing a lawsuit in Ingham County Circuit Court. The lawsuit alleges Consumer Protection Act violations against an Ortonville based entity for making unlawful robocalls to thousands of Michigan consumers in southeast Michigan, many of whom are on the no-call registry. The lawsuit also alleges the company overcharged some consumers for duct and floor cleaning services by quoting one price, then charging a higher price. The civil suit seeks damages for consumers, and costs. In October, the Attorney General obtained a preliminary injunction from the Circuit Court preventing the defendants from engaging in both calling and cleaning activities. This lawsuit is ongoing.

In September, the Attorney General commenced a lawsuit in Kent County Circuit Court against Family Fitness. This lawsuit arose from hundreds of consumer complaints against this west-Michigan based entity that operates fourteen gyms. In December, the Kent County Circuit Court issued a preliminary injunction granting some, but not all, of the requests made by the Attorney General in this ongoing effort to assist consumers.

Meanwhile, the Attorney General has four, ongoing investigations that were commenced under section 7 of the Consumer Protection Act. Generally speaking, the Attorney General does not publicize such investigations, though circumstances sometimes have made it appropriate to do so. Through these investigations, the Attorney General obtains subpoenas requiring the targeted companies to produce documentation and present relevant employees for testimony at depositions. The Attorney General's staff then reviews all information to determine whether the Consumer Protection Act has been violated, and determines the best course-of-action to protect consumers. The First Documents, Take Me Away Tours, and Kohn Home Cleaning matters described above all flowed from comparable investigations.

Mr. Totten also omits the fact that Michigan's Consumer Protection Act is much more limited in the protections it provides consumers as opposed to similar statutes in other states. In particular, conduct that is regulated by another governmental agency or entity must be addressed by that regulatory agency rather than through actions brought under the Michigan Consumer Protection Act. Even with these limitations, Attorney General Schuette has undertaken numerous investigations and legal actions to prevent and redress misconduct affecting Michigan consumers.

In addition, the national study that Mr. Totten references only addresses consumer protection civil cases. Civil cases, however, do not carry criminal penalties. Attorney General Schuette's Corporate Oversight Division, on the other hand, has taken consumer protection to a new level by also pursuing actions criminally. This has resulted in not only consumer relief, but ensured that those guilty of unlawful activity are held accountable, including fines, restitution and incarceration. Some of the more recent activities include the following:

Creating the Homeowner Protection Fund

In 2012, Attorney General Bill Schuette and 48 other state attorneys general entered into a settlement with the five leading bank mortgage servicers. The National Mortgage Settlement was created to address allegations of faulty foreclosure processes and poor servicing of mortgages that harmed Michigan homeowners. Schuette recommended that the legislature use the \$97.2 million that was to be paid directly to the state to create the Homeowner Protection Fund, to ensure that families affected by the foreclosure crisis received the most benefit.

The legislature and the Governor adopted that recommendation and divided the money as follows:

Foreclosure Rescue Scam Victim Restitution, \$7.5M; Assistance for Veterans, \$5M; Michigan Attorney General Home Protection Unit, \$6M; Blight elimination, \$25M (\$10M for the City of Detroit, \$15 for the rest of the state); Foreclosure Counseling for Homeowners, \$20M; Housing and Community Development Programs, \$3.7M; Grant to Help Homeowners Refinance, \$5M; Assistance to Homebuyers, \$15M (service members up to \$5,000 and non-service up to \$3,000); Education Achievement Authority, \$10M.

The Foreclosure Rescue Scam Victim Restitution fund was created from the Homeowner Protection Fund money received by the State of Michigan to resolve the National Mortgage Settlement. Victims who are also Michigan residents will receive payment from the Foreclosure Rescue Scam Victim Restitution fund, pursuant to an order entered by the court hearing each victim's case. A subrogation order will then be entered in each case, so that defendants remain responsible for repaying that restitution to the state, to replenish the fund.

In March of 2014, Schuette announced that \$114,542 would be distributed from the Homeowner Protection Fund by his Corporate Oversight Division to more than 112 victims of the Help4Homeowners mortgage rescue scam. Help4Homeowners was convicted of three misdemeanor counts of violating Michigan's Credit Services Protection Act in Oakland County. Victims of Help4Homeowners were charged between \$595 and \$3000, and were provided false or misleading guarantees that the company would prevent foreclosures. The Credit Services Protection Act prohibits "foreclosure rescue companies," which provide foreclosure assistance, from making false or misleading statements, or from charging service fees before any service is completed.

In November 2014, Schuette announced the distribution of \$747,094 from the Foreclosure Rescue Scam Victim Restitution Fund to compensate victims of the Nationwide Consulting Group LLC mortgage modification scam. Individual victim reimbursement amounts ranged from \$250 to \$208,000. Nationwide Consulting was a debt and mortgage modification scheme run by Kenneth Sandoval that began operating in 2008.

Sandoval would collect money upfront from victims. After a few months, he would deposit the money, and tell the victims that a settlement on one or more of their loans had been reached. Sandoval would instruct the victims to send money to him to pay off the loan. After he received the money Sandoval would deposit the money into his personal bank account, and Sandoval and his wife would spend the money on their personal expenses. Sandoval mainly targeted Southeast Michigan Hispanic families, and many of Sandoval's victims were not fluent in English. Sandoval defrauded approximately 84 victims out of \$914,151.

In May of 2014, Sandoval was sentenced to 48 months to 20 years in prison after pleading guilty in Wayne County to one count of Conducting a Criminal Enterprise and two counts of Larceny by Conversion over \$20,000. Sandoval's co-defendant and employee, Zacharia Ortiz, pled guilty in Wayne County to one count of Conducting a Continuing Criminal Enterprise, and was also sentenced in May of 2014. Ortiz was sentenced to 21 months to 20 years in prison.

Stopping Mortgage Foreclosure Rescue Scams

In July of 2014, Attorney General Schuette, through his Corporate Oversight Division, charged Kyle Gosik, David Dziuban, and Capital Wealth Management of Canton with four felony counts of False Pretenses \$1000 or more but less than \$20,000 and seven counts of Credit Services Protection Act Violation in Wayne County. Gosik and Dziuban managed Capital Wealth Management from 2010 to 2011, and instructed staff to use a fraudulent sales script to attract clients. Capital Wealth staff falsely told potential victims that they would provide a 100% refund if modification was not obtained within 90 to 120 days, and that the money clients paid would be held in trust until the modification was obtained. They also falsely informed clients that Capital Wealth was licensed by the state of Michigan.

In December of 2014, Gosik and Dziuban each pled guilty to two counts of False Pretenses \$1,000 or more but less than \$20,000. Gosik and Dziuban were both sentenced in February of 2015 to 3 years of probation. In August of 2015, the court entered a joint and several restitution order, which required the defendants to pay \$76,100 in restitution.

Criminal charges were also announced against Rolondo Sage Campbell, aka Anthony Carter, and E3A mortgage rescue company in July of 2014. From 2010 to 2011, Campbell operated E3A as a mortgage rescue company and falsely represented that E3A was a non-profit entity. In Livingston County, Campbell submitted a forged legal document to the 53rd District Court, bearing a Howell victim's forged signature from E3A's office. The submission of this document ultimately resulted in the victim losing her home. The fees the victim paid were never returned, and Campbell and E3A never completed the mortgage rescue. In Macomb County, Campbell promised a Macomb Township victim he would repair his credit and save the home from foreclosure. He promised he would do this by arranging a short sale on the victim's home in which the

bank would accept a deed in lieu of foreclosure. The mortgage rescue was never completed, the fees were never returned, and the victim lost his home.

Campbell was charged in Livingston County with one count Uttering and Publishing, one count False Pretenses \$1,000 or more but less than \$20,000, one count Larceny by Conversion \$1,000 or more but less than \$20,000, and one count Credit Services Protection Act Violation. E3A was charged in Livingston County with one count of False Pretenses \$1,000 or more but less than \$20,000 and one count Credit Services Protection Act Violation.

Campbell was charged in Macomb County with one count of False Pretenses \$1,000 or more but less than \$20,000, one count of Larceny by Conversion \$1,000 or more but less than \$20,000, and one count Credit Services Protection Act Violation. E3A was charged in Macomb County with one count of False Pretenses \$1,000 or more but less than \$20,000, one count of Larceny by Conversion, and one count Credit Services Protection Act Violation in Macomb County.

Campbell pled no contest in Livingston County in December of 2014 to one count of Uttering and Publishing, one count of Larceny by Conversion over \$1000, and one count Credit Services Act Violation. In January of 2015, Campbell was sentenced to 6 months in jail, and ordered to pay \$4150.00 in restitution. In March of 2015, E3A was sentenced on one count of a Credit Services Act Violation, and ordered to pay \$4150 in restitution, joint and several with Campbell.

In Macomb County, Campbell was sentenced to 5 years of probation, and ordered to pay restitution in the amount of \$23,278. An order of subrogation for \$22,700, the amount which qualified to be paid by Homeowner Protection Fund, was also entered. E3A was convicted of one count Credit Services Act Violation in Macomb County. E3A was also ordered to pay restitution, joint and several with Roland Campbell.

In July of 2014, Yvonne Woodruff aka Yvette DeBerry was charged with one count of Embezzlement \$100,000 or more, one count of Embezzlement \$50,000 or more, one count of False Pretenses \$1,000-\$20,000, and two counts of Credit Services Protection Act Violation in Oakland County. Woodruff's company, Woodberry Modification Solutions, was charged with the same offenses as Woodruff. Woodruff owned and operated Woodberry from 2010 to 2011, and charged victims upfront fees for mortgage modification services, but provided no actual modification services. Woodruff took money from at least one victim to discharge the victim's mortgage, but instead she converted the money to her own personal use.

On April 9, 2015, Woodruff pled guilty to one count of Larceny by Conversion \$1,000 or more, and one count of Embezzlement of \$50,000 or more. Woodruff was sentenced to 1 year in jail and 5 years of probation in Oakland County on May 28, 2015. She was also ordered to pay \$123,340.66 in restitution. Woodberry was convicted of one count of Larceny by Conversion \$1,000 or more, and was also ordered to pay restitution. On

August 24, 2015, the court entered an order of subrogation for the defendants to repay any restitution amounts paid to the victims from the Homeowner's Protection Fund.

In July 2014, another company, Impact Homeowners, was charged with six counts of Credit Services Protection Act Violation in Macomb County. Impact contracted to have mortgage rescue and modification services performed by a third party. Impact took money from clients before any services were completed, which is a violation of Credit Services Protection Act. The third party never completed the work. Impact pled guilty as charged on July 21, 2014, and was sentenced on September 23, 2014. Impact was ordered to pay fines and costs of \$1,000 for each count.

In April of 2015, Anthony Carta of Freedom by Faith Ministries (FBF) was charged in Oakland County with one count of Conducting a Criminal Enterprise, one count of False Pretenses \$20,000 or more but less than \$50,000, and five counts of False Pretenses \$1,000 or more but less than \$20,000. Carta entered a plea and was sentenced, and but has since successfully appealed his conviction. Carta defrauded more than 100 victims out of hundreds of thousands of dollars from 2009 to 2013, under the guise that he was going to help them with their mortgages. Instead, Carta took the money for his own uses and did nothing to help with the mortgages. Carta's case is currently pending trial in circuit court in Oakland County.

In September 2015, Steven Barry Ruza pled guilty in Oakland County to one count of Conducting a Criminal Enterprise. Ruza had used his company, Home Legal Group, Inc., to steal hundreds of thousands of dollars from Michigan residents who were facing mortgage foreclosures. Ruza and his company promised the victims they could obtain mortgage modifications, and save their homes from foreclosures, but Ruza and the company did nothing or very little to obtain modifications. Many victims lost their homes to foreclosures.

The plea agreement required that Ruza provide a list of the 50 satisfied Home Legal Group clients by October 1, 2015, pay \$250,000 restitution by September 22, 2015, and any remaining restitution as ordered by the court as a condition of parole or probation, and agree to a psychological exam and complete any recommended counseling. The court agreed to a sentence guideline range of 24-40 months on the minimum end of the sentence, up to a maximum of 20 years, as a term of the plea agreement. The initial restitution payment was required to be made by Ruza, and additional funds would be paid to qualifying victims by the Homeowners Protection Funds to ensure the victims receive timely payments. Ruza would then be required to reimburse the state of Michigan.

Ruza was sentenced to one year in jail and 5 years of probation on December 18, 2015, and ordered to pay restitution in an amount to be determined. Home Legal Group was also sentenced on December 18, 2015, for one count of Conducting a Criminal Enterprise. The court ordered that HLG should pay restitution that would be joint and several with Steven Ruza. On April 4, 2016, an order was entered governing the disbursement of restitution for Ruza and Home Legal Group. The total restitution

amount ordered was \$989,958.56; at the time of the entry of the order, Ruza had already paid \$250,000.00 of that amount.

In the August of 2017, Ruza was sentenced to prison for violating his probation stemming from the Home Legal Group case. Ruza had been charged with new criminal offenses in Ingham County, including Perjury, Motor Vehicle Code- Intent to Pass False Title, Identity Theft, and Motor Vehicle Code-False Certification Impermissible Use of Personal Information. Ruza had applied for a driver's license in his roommate's name, but featuring Ruza's picture. Ruza also reported to the Secretary of State that he had purchased a vehicle for \$500, when he actually paid \$8,000 for the vehicle.

Ruza pled guilty in September of 2017 to the charges of Intent to Pass False Title and Impermissible Use of Personal Information. Ruza is currently awaiting sentencing in Ingham County.

In August of 2016, Pasquale Longordo and his company Modify Loan Experts LLC pled guilty to two felonies and 17 misdemeanors in Oakland County. Longordo pled to one count of False Pretenses greater than \$1,000 but less than \$20,000, seven counts of Attempted Violation of Debt Management Act, six counts of Credit Services Protection Act Violations, and one count of Unemployment Compensation Fraud. Modify Loan Experts pled guilty to one count of False Pretenses greater than \$1,000 but less than \$20,000, seven counts of Attempted Debt Management Act, and six counts of Credit Services Protection Act violations. Longordo paid \$125,000 in restitution at the plea hearing, which represented the total amount of restitution owed. On September 27, 2016, Longordo was sentenced to 5 years of probation.

Longordo and his company had promised victims that they would have an attorney assigned to represent them and negotiate mortgage modifications on their behalf with mortgage companies. This did not happen, and many victims lost their homes as a result. Longordo also told debt management victims that he was putting their funds into an escrow account and that he would use their payments to negotiate their debt with credit card companies. In reality, Longordo put the money into a regular bank account and used the money to pay his personal bills.

In September 2016, Larry Limon was sentenced in Kent County for his role in another mortgage modification scheme. Limon convinced several New Jersey clients to make their mortgage payments directly to his company, Nations Trust Mitigation Service (NTMS) to be held in trust, in place of making regular payments to their mortgage lender. Limon then used the money to hire an out-of-state company to negotiate mortgage modifications. Soon after, Limon unilaterally requested full refunds of the money from the out-of-state company, without telling his clients. Limon then cashed the checks and deposited them into his NTMS account. None of it was refunded to the customers, and Limon continued to collect mortgage payments from his clients, even though no efforts at mortgage modification were taking place. Limon also did not pay the mortgage lenders any of the money he was entrusted with. NTMS ceased to operate in August 2010, and left no forwarding information to its customers.

Limon was convicted of one count of Embezzlement \$20,000 or more but less than \$50,000 and three counts of Embezzlement \$1,000 or more but less than \$20,000. He was sentenced to one year in jail, 250 hours of community service, and also ordered to pay \$57,629.92 in restitution to his victims.

In October 2016, Asima Khan was sentenced for one felony count of Larceny \$1,000-\$20,000 in Macomb County, for her part in running a mortgage modification scam in Oakland and Macomb Counties. Khan and her company, Financial Independent Services, promised mortgage modifications and debt consolidations to her clients. Khan collected money for the services before they were completed, in violation of Michigan law, and then did not actually provide the modifications or debt reductions. Khan was sentenced to 12 days in jail followed by 5 years of probation, and was required to pay \$60,387.24 in restitution to the victims.

Halting Ponzi Schemes

In March of 2015, Joel Wilson was found guilty by jury in Bay County of nine felony counts for his part in a Michigan Ponzi scheme. Beginning in 2009, Wilson used The Diversified Group Advisory Fund LLC, an investment company, to scam investors. Wilson told investors he would use their funds to purchase properties in the Saginaw and Bay City areas, which would later to be renovated and sold for a profit, which he told them would go to the investors. However, when these investments failed to become profitable, Wilson solicited new investors, and used those funds to pay the previous investors. He also took approximately \$583,000 of the investment money for his personal use. Wilson also failed to disclose to investors the risks associated with the investments.

In late 2012, Wilson fled the country for Germany. Schuette charged Wilson in January 2013, and worked with federal officials to have Wilson arrested and extradited from Germany. Wilson was extradited in May of 2014. Wilson was ultimately convicted of one count of Continuing Criminal Enterprise (Racketeering), three counts of Unregistered Securities, one count of Larceny by Conversion \$20,000 or more, one count of Larceny by Conversion \$1,000-\$20,000, and three counts of Fraudulent Sales of Securities. Wilson was sentenced in Bay County to 105 months to 20 years in prison.

In January of 2016, Wilson was also found guilty by jury in Saginaw County of one count of Securities Fraud, one count of Selling Unregistered Securities, and one count of Larceny by Conversion over \$1,000. Wilson was sentenced in Saginaw County in February of 2016 to 6 years and 9 months to 10 years in prison.

Shawn Dicken was also convicted for her part in the Wilson's scheme. Dicken was employed as a salesperson by Diversified Group Advisory LLC. Dicken failed to disclose the risks associated with the investment at issue, which was a highly leveraged real estate investment. Dicken was convicted by jury of nine felonies in Midland County for her role in the scheme. She was convicted of one count of Criminal Enterprises, one count of Embezzlement from a Vulnerable Adult, and seven counts of False

Pretenses. Dicken was sentenced to 11 years, 8 months to 20 years in prison in July of 2014. In April of 2016, Dicken was also ordered to pay \$663, 531.48 in restitution.

Mary Faher was also charged in Berrien County for her role as a licensed investment advisor with the Diversified Group Advisory Fund LLC. Faher made material misrepresentations of the investments that she marketed and sold to investigators. Faher pled no contest to four counts of Fraudulent Securities Sales. She was sentenced on March 10, 2015, to 23 months to 10 years in prison, and ordered to pay \$2,593,400.00 in restitution.

In January of 2016, Scott Rookus was sentenced for one count of Racketeering and one count of Fraudulent Sales of Securities in Ottawa County. Between 2010 and 2013, Rookus solicited and obtained investments of approximately \$1.5 million for his holdings company, New Haven Holdings. His customers, many of whom were senior citizens, were told that returns on their investments would come from the profits of Rookus's enterprises. Instead, Rookus used investor funds to pay his personal expenses, and issued fraudulent returns to some investors using the money from newer investors. The scheme was uncovered after Rookus filed for personal bankruptcy in March 2015. The case was referred to the Department of the Attorney General by LARA.

Rookus was ultimately sentenced to 7 to 20 years. Rookus was also ordered to pay \$4,393,420 in restitution to victims of his Ponzi scheme that ran from 2010 to 2015.

In August of 2016, James Mulholland and Thomas Mulholland were sentenced to 10-20 years in prison after being found guilty by a jury in Ingham County of 8 felonies. The charges included one count of Criminal Enterprises-Conducting, one count of Conspiracy to Commit Criminal Enterprises, one count of False Pretenses \$20,000 or more but less than \$50,000, one count of False Pretenses \$1,000 or more but less than \$20,000, one count of Blue Sky Laws-Fraudulent/Schemes/ Statements, one count of Securities Fraud, one count of Blue Sky Laws Offer/Sell Unregistered Securities, and one count for Violation of the Securities Act.

The Mulholland brothers operated their business, Mulholland Financial, since 1987. The business bought real estate to be used as rental properties, mostly in college towns. Starting in 2009 until they filed for bankruptcy in 2010, they raised almost \$2 million from investors. They made no mention that their business was in trouble after the recession, and promised a 7% rate of return from the real estate profits. They also promised that the principal and interest were guaranteed and could be liquid within 30 days of making a written request. In reality, the business lost money almost every month from January 2009 to February 2010; new investor money was being used to pay off earlier investors. Mulholland Financial was forced to file bankruptcy in February of 2010 due to large debts. Over 250 investors lost \$18.3 million. The case sat dormant with another agency until spring of 2016, when Schuette's office picked up the case.

Ending Anti-Trust Violations

In April 2015, Attorney General Schuette announced that the state had reached a \$25 million civil settlement with Oklahoma-based energy company Chesapeake Energy Corporation. The settlement resolved allegations that the company had conspired with Encana Oil & Gas to avoid bidding wars in Michigan public auctions for oil and gas leases, which caused lease prices to drastically drop in October 2010. The settlement also resolved allegations that Chesapeake had defrauded hundreds of private citizens by fraudulently cancelling their oil and gas leases in 2010. Schuette had previously reached a \$5 million settlement with Encana in May of 2014.

As part of the civil settlement, representatives for Chesapeake also entered no contest pleas for the company in Cheboygan County to one count of criminal attempted antitrust violations and one count of false pretenses, both misdemeanors.

As part of the civil settlement, a \$25 million victim's compensation fund was established and every victim listed in the criminal complaint for Conducting a Criminal Enterprise would be paid back 100% of their losses and attorney fees. Victims who had pursued private civil cases against Chesapeake, resulting in Chesapeake paying more than \$19 million to victims, had the opportunity to have their cases reopened if they had not already been fully compensated for their losses. The \$19 million settlement combined with the state's \$25 million settlement resulted in a total of \$44 million paid to victims. The company was also required to pay \$5 million to the state of Michigan; half will go to funds managed by the Department of Natural Resources affected by Chesapeake's actions, and half will fund the State's antitrust enforcement activities.

Fighting Insurance Premium Fraud

In November of 2015, John Flaherty was sentenced in Oakland County to 14 months to 20 years imprisonment after he was convicted of one count of Conducting a Criminal Enterprise (Racketeering). He was also ordered to pay \$1.3 million in restitution to his victims. Flaherty had been using his insurance brokerage firm, Alternative Insurance Services, Inc., to defraud citizens starting as early as 1999. Flaherty would take small sums of insurance premium money from agents and spend it on himself, rather than forwarding it to the insurance companies to whom the money was owed. Flaherty was able to hide the fraud for years by taking money from other premiums to cover the amount he stole, but once his business slowed, he was unable to continue concealing the fraud.

Policing Financial Institutions

On December 7, 2012, Sharon Broadway pled guilty in Monroe County to one count of Racketeering and one count of Embezzlement from a Financial Institution. Broadway was the manager, secretary, board member, and sole employee of United Catholic Credit Union (UCCU) in Temperance, Michigan. A routine examination by the Office of Financial and Insurance Regulation (OFIR) had revealed that a substantial number of certificates of deposit, had not been recorded on the credit union's books. OFIR closed UCCU in August 2012 and appointed the National Credit Union Administration as a

receiver. Broadway had embezzled approximately \$2.1 million from UCCU since 1985, using a complex money laundering scheme. On January 17, 2013, Broadway was sentenced to 3 years 9 months to 20 years in prison, and ordered to pay \$2,598,463.16 in restitution.

In December 2016, Fuatana Afutiti was convicted of one count of Receiving Proceeds from a Continuing Criminal Enterprise and one count of Embezzlement from a Credit Union for stealing more than \$2 million from the Veterans Health Administration Credit Union for her personal use between 2012-2016. Afutiti was the President and CEO of the Veterans Health Administration Credit Union in February 2016, when a routine audit was conducted by DIFS. The audit revealed significant irregularities and cash shortfalls at the credit union, and showed that there had been a total loss of \$2,303,158.66. Afutiti could not provide a logical explanation for the irregularities at the credit union. From 2012-2016, Afutiti leased or bought several vehicles including a 2013 Mercedes Benz and a \$100,000 motorhome.

Afuiti was sentenced to 30 months to 20 years in prison, after pleading guilty as charged. She also agreed to pay restitution in the amount of \$1.9 million. As a result of Afutiti's actions, the credit union was made insolvent and closed in March 2016. All memberships at the credit union were transferred to Public Credit Union, and Public Credit Union assumed all assets, loans, and shares.

In June 2017, Stanley Hayes was charged in Saginaw County for embezzling over \$710,000 from Valley State Credit Union, where he worked. Hayes was charged with one count of Conducting a Criminal Enterprise, two counts of Embezzlement over \$20,000, seven counts of Embezzlement over \$1,000, and three counts of Using a Computer to Commit a Crime.

Hayes was charged after an investigation by DIFS found several financial irregularities. Hayes was Chief Executive Officer of Valley State Credit Union from 2005 until he was terminated in 2016. The Attorney General's Office has alleged that Hayes used money embezzled from the bank to pay for his insurance, property taxes, travel, and other expenses. Hayes also used credit union funds to conceal the credit union's financial troubles, by using the funds to pay defaulted loans and even pay on loans held by dead persons. Although most of the embezzlement was done electronically, nearly \$200,000 cash was taken from Hayes' teller drawer over time. After the investigation, Valley State was ordered into a conservatorship in 2016, whereby DIFS was directly responsible for the management of the credit union. Hayes was terminated from his position.

Combating Tax Fraud

In April 2017, over 100 felony charges were filed against Christina and Dong Hyun Chang and their business, Sushi Samurai, Inc., in Oakland County, for embezzling over \$100,000 in sales tax paid by their customers and for underreporting their income by over \$100,000. The Changs and their business were charged with one count of

Embezzlement Over \$100,000, one count of Conspiracy to Embezzle over \$100,000, one count of Possession of an Automated Sales Suppression Device, 59 counts of filing false monthly sales tax returns, and five counts of filing false joint income tax returns.

During the investigation, it was determined that the sales in Sushi Samurai's records were significantly higher than those reported to the state, and that the Changs had apparently used "zapper" software to reduce their reported sales. Zapper software deletes sales from the records maintained on a Point of Sale device, such as a cash register. The Changs used this software to delete thousands of sales receipts. The investigation determined that the Changs embezzled over \$170,000 in sales tax receipts alone. Additionally, over \$2.5 million in sales were never reported or accounted for in income tax filings between 2012-2016.

Protecting Senior Citizens

In May 2017, Paul Garceau was charged in Oakland County with one count of Conducting a Criminal Enterprise, one count of Embezzlement by an Agent \$100,000 or more, five counts of Embezzlement by an Agent \$50,000 or more, and one count of Embezzlement by an Agent \$20,000 or more but less than \$50,000. Between January 2008 and January 2015, Garceau embezzled \$800,918.00 of his clients' funds without their knowledge. Many of those clients were elderly. The 12 victims live in Livingston, Macomb, Oakland, and Wayne counties. Garceau convinced his victims to withdraw funds from legitimate investments, and told them that he would reinvest their funds in opportunities with higher returns. Instead, he deposited the money into a bank account belonging to his insurance agency, Apex Wealth Management, and spent the money on himself or to continue his Ponzi scheme. Michigan State Police began the investigation in 2014, and the investigation was then continued by DIFS. Garceau's insurance producer license and the license of Apex were revoked by DIFS on February 16, 2016.

Attorney General/PAAM Elder Justice Initiative

Since 2014, AAG Scott Teter, and Investigators Martin May, and Pete Ackerly have been working on the Elder Justice Initiative by training law enforcement, prosecutors, and Adult Protective Services (APS) workers on the investigation and prosecution of Elder Abuse, Neglect, and Financial Exploitation. They have trained hundreds of law enforcement officers and APS workers. Mr. Teter co-designed the Vulnerable Adult Incident Report, which is an investigation form to be used in the investigation of these cases. The form has also been presented at the NAAGTRI National Advanced Elder Affairs Training.

This exhaustive list is just the tip of the iceberg. We've also received and responded to nearly 70,000 complaint in the last few years, a number that increases annually and has also saved electric rate payers \$3,000,000,000 in costs since 2011.