

ARTICLES FOR 8-11-16 ROUNDUP

Nueces County District Court Finds Man Guilty of Human Trafficking; Sentenced to 40 Years

On Friday, Nueces County jury returned a guilty verdict in the case State vs. Jovan Miles in the 94th Judicial District Court. Today the jury returned a sentence of 40 years for Miles' crime. This case marks the important first human trafficking conviction in the county's fight against human exploitation. Human Trafficking Prosecutor Kirsta Leeburg Melton, from the Office of Attorney General Ken Paxton, assisted Nueces County's Assistant District Attorney Michelle Putman in the prosecution of Miles.

Miles is guilty of the continuous human trafficking of a 15-year-old girl in Corpus Christi and Houston. Over a period of two months in 2015 Miles trafficked the minor utilizing the classified listings website Backpage.com.

"Human trafficking is an egregious crime, and cases like this one are the very reason my office has launched a section dedicated to combating it," said Attorney General Paxton. "Thanks to the hard work of the Nueces County District Attorney's Office and my office's Human Trafficking and Transnational Organized Crime Section, a vile predator is incarcerated and will be unable to harm anyone again. I will continue the fight against human trafficking and will work tirelessly with law enforcement officials and advocacy groups to rid our state of this detestable crime."

AG Schimel Announces First-of-its-Kind Internet Safety Podcast

MADISON, WI – The Wisconsin Department of Justice Division of Criminal Investigation launched a new tool this week for parents, grandparents, guardians, educators, and others concerned about internet safety. The Protect Kids Online Podcast is a biweekly production featuring information about the trends and updates on the latest smartphone apps, websites, and online activity of children 17 years of age and younger.

"The internet is a tool that provides society great opportunities for education, progress, and efficiency, but it also provides child predators easy access to our children," said Attorney General Schimel. "The new Protect Kids Online Podcast will give parents and guardians the information they need to stay a step ahead of their children and the criminals preying on them."

The Protect Kids Online Podcast was created by the Wisconsin Department of Justice, Internet Crimes Against Children (ICAC) Task Force. Podcast topics include: activities of the Wisconsin ICAC Task Force, app of the week, tips and methods for combating online child exploitation and sextortion, internet safety laws, cyberbullying, healthy online habits, protecting your child from strangers online, safe sharing tips, and responses to listener questions.

To listen to the latest Protect Kids Online Podcast, go to <https://protectkidsonlinewi.gov> or download the podcast on iTunes or Google Play.

AG Rosenblum Submits Draft Public Records Reform Legislation

Oregon Attorney General Ellen Rosenblum today announced that she has submitted proposed legislation to begin the process of cleaning up the state's public records laws.

"I am pleased with this first step toward an overdue reform of Oregon's public records laws," Rosenblum said.

The proposed legislation is informed by more than nine months' work by the Attorney General's Public Records Reform Task Force. The Task Force members come from a variety of backgrounds, including the media, state and local governments, as well as public members.

The proposed legislation tackles three major policy areas: 1) Creating clear time frames for responses to public records requests; 2) making sense of more than 500 exemptions spread out among Oregon laws that currently prevent disclosure of otherwise public documents; and 3) developing a strong policy statement that would encourage courts and public officials to favor public access to the work of our government. The task force will continue working on important public records issues, including the cost of obtaining public records.

"It is important to emphasize that we cannot implement these suggested reforms without the active support and involvement of our Governor and the legislature," Rosenblum said. "I am grateful to the Governor and Secretary of State, Senators Lee Beyer and Jeff Kruse, Representatives Ken Helm and John Huffman, and all of the task force members for their contributions to this important work."

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Vermont Leads Coalition Of States Seeking To Expand Use Of Volkswagen Settlement Funds Allocated To States For Pollution Reduction Projects

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The State of Vermont, leading a sixteen state coalition, filed Public Comments with the United States Department of Justice (DOJ) in which the coalition urged DOJ to expand the allowed uses for funds allocated to the states under a proposed partial settlement between the United States, the State of California and Volkswagen. The settlement (Partial Consent Decree) requires Volkswagen to pay \$2.7 billion into a trust which the 50 states, the District of Columbia, Puerto Rico and Indian Tribes may use for mitigation projects designed to reduce nitrogen oxide ("NOx") emissions (a pollutant that contributes to smog and acid rain). Vermont's share of the funds is \$17.8 million.

"We commend DOJ, EPA and the State of California for obtaining Volkswagen's commitment to get its unlawful 2.0 liter vehicles off the road and to mitigate the vehicles' excess NOx emissions," said Vermont Attorney General Bill Sorrell. "However, we have requested that certain changes be made before the settlement is approved by the federal court to broaden the list of projects eligible for funding and ease funding restrictions. Those changes will allow the States to use the trust funds most effectively to reduce NOx emissions and help meet important clean air policy goals."

The proposed Partial Consent Decree would partially resolve claims filed by the United States and the State of California arising from Volkswagen's unlawful sale and marketing of 2.0 liter vehicles equipped with illegal, undisclosed defeat device software. The defeat devices were designed to make approximately 600,000 diesel vehicles sold in the U.S. appear to meet federal and state emissions standards when, in fact, they did not.

Attorneys General from the following states signed onto the comment letter: Georgia, Hawaii, Idaho, Iowa, Maine, Maryland, New Hampshire, New Jersey, New York, Tennessee, Utah, Virginia, Washington, Wisconsin, and Wyoming.

ATTORNEY GENERAL CYNTHIA H. COFFMAN OBTAINS \$1.8 MILLION IN PENALTIES AGAINST COLORADO FORECLOSURE LAW FIRM AND TITLE COMPANY

DENVER—After a seven-day trial in a civil law enforcement action brought by Colorado Attorney General Cynthia H. Coffman, a Denver District Court judge found that Colorado foreclosure lawyer, Robert J. Hopp, and his law firms and title companies, violated consumer protection laws in a scheme to charge false and misleading costs for title insurance policies on 2,291 foreclosures.

“Lawyers abusing the foreclosure process to enrich their private bank accounts is a practice that undermines citizen’s faith in the legal profession,” said Attorney General Coffman. “The substantial penalties imposed by the court are just, and should serve as a strong deterrent to anyone else who wants to prey on homeowners struggling to keep a roof over their family’s heads.”

The judge imposed penalties of \$2,291,000 (\$1,000 per foreclosure) for violating the Colorado Consumer Protection Act and \$1,374,600 (\$600 per foreclosure) for violating the Colorado Fair Debt Collection Practices Act. The \$3.6M in penalties was reduced to \$1.8M due to a statutory maximum penalty cap. The court also awarded the Attorney General attorney fees and costs incurred in prosecuting the case, which will be added to the \$1.8M in penalties.

In the written order, Judge Shelley I. Gilman of the Denver District Court found that Mr. Hopp’s law firms and title companies worked together to charge false and misleading amounts for title insurance policies while handling foreclosures in Colorado between 2008 and 2013. Instead of charging the actual, reasonable, and necessary costs that the law firms incurred, the court concluded that the law firms charged for title insurance policies when these charges were not actually incurred and where title policies were rarely even issued. Yet Colorado homeowners seeking to save their homes during the foreclosure crisis were told they had to pay these excessive title insurance policy costs to stop the foreclosure.

This trial resulted from the Attorney General’s investigation of eight Colorado foreclosure law firms, and their related businesses, for deceptive foreclosure costs charged to homeowners and the public between 2008 and 2014. Courts have now entered judgements against seven foreclosure law firms totaling approximately \$18M.

For more information on mortgage fraud, go to <http://www.stopfraudcolorado.gov/fraud-center/mortgage-fraud>.

ONLINE TRAVEL COMPANIES OWE HAWAII TAXES FOR RENTAL CAR TRANSACTIONS, COURT RULES HONOLULU

State circuit judge Gary W.B. Chang ruled yesterday that online travel companies, including Expedia, Priceline, Travelocity, Orbitz, Hotwire, and others, must pay Hawaii’s general excise tax on certain rental car transactions in Hawaii. The State had issued tax assessments of general

excise taxes, interest, and penalties to online travel companies for failing to file tax returns and pay general excise taxes for tax years 2000 through 2012. Last year, the Hawaii Supreme Court concluded online travel companies must pay general excise tax on the sale of hotel rooms in Hawaii. The Court upheld tax assessments on gross receipts from online travel car rentals not sold as part of a travel or tour package with other services like airline or hotel reservations. The Court also ruled that under a special provision in Hawaii's general excise tax law for tourism related services, these companies owe general excise taxes on their net receipts from car rental transactions that were included in a travel or tour package sold to consumers. The final amount of taxes, penalties, and interest to be collected by the State is yet to be determined but is expected to be in the millions of dollars.

Bitcoin Exchange to Spread Losses of Hack

Bitfinex, the digital-currency exchange that lost \$65 million to hackers last week, plans to spread the losses among all its users

By JOANNE CHIU WSJ

Bitfinex, the digital-currency exchange that lost \$65 million to hackers last week, plans to spread the losses among all its users, including those not directly affected by the hack.

The Hong Kong-based digital-currency exchange said in a statement Sunday that the losses from the theft would be shared, or "generalized across all accounts and assets" of its clients, with each taking a loss of around 36%.

"Upon logging into the platform, customers will see that they have experienced a generalized loss percentage of 36.067%," it said, adding that the company would soon share a fuller accounting of its computation of the losses. "This is the closest approximation to what would happen in a liquidation context."

The digital-currency exchange also plans to compensate clients for the losses with tokens of credit.

Bitfinex's decision comes after cyberthieves on Tuesday stole about 120,000 bitcoins, worth about \$65 million, from its digital vaults, marking one of the largest thefts in bitcoin's short history.

The hack follows a separate alleged theft of an estimated \$60 million worth of rival virtual currency ethereum in June. In 2014, investor confidence in bitcoin also was dented with another, larger cybersecurity breach, at Japanese exchange Mt. Gox.

The price of bitcoin fell 12% in the week of the most recent theft, according to bitcoin tracker CoinDesk, as investors turned cautious about trading of the alternative currency.

Bitfinex said it would give all affected clients a "BFX" token crediting each of their discrete losses. The token could be redeemed in full by Bitfinex or possibly exchanged, upon the creditor's request, for shares of iFinex Inc., the exchange's parent company.

The company said it was talking to numerous potential investors about how to fully compensate its customers.

Should You Put Your Bitcoin . . . in a Bank?

Hacks and the irreversible nature of transactions stand in the way of broader acceptance

By PAUL VIGNA WSJ

As Bitfinex, the digital-currency exchange that suffered a hack this past week, struggles to reopen, a wider question is again being asked about bitcoin: Is it really a better mousetrap?

On Tuesday, cyberthieves stole about 120,000 bitcoins, valued at roughly \$65 million, from Hong Kong-based Bitfinex's digital vaults. It was one of the largest hacks in the currency's history.

Bitcoin has lost 12% of its value this week, according to bitcoin tracker CoinDesk. The exchange was forced to halt operations and is working to retrace the theft and recover the funds. A spokesman for the exchange said it expects to reopen the site on a limited basis on Friday.

For the bitcoin industry and investors curious about it, a more fundamental question is emerging: Has bitcoin's original premise been compromised?

The idea was to give society a secure currency that couldn't be tampered with by governments or banks. But for the general public, it looks like bitcoin and the army of anonymous technologists behind it can't guarantee funds are secure. That is a problem for a platform striving for mainstream acceptance.

"It's an understatement to say this doesn't help," said Jerry Brito, the director of Washington-based Coin Center, a digital-currency advocacy group.

Bitfinex, meanwhile, is wrestling with the issue of whether its custodial business model may have aided the hacker or hackers. The company had said it used higher-level security measures, but like all bitcoin companies it must deal with the irreversible nature of bitcoin transactions that makes it a target for hackers.

Bitcoin was launched in 2009 as an alternative currency, one that didn't require government support or financial middlemen to clear and confirm transactions. It does this through an open ledger that also serves as an official record that can't be altered after the fact.

During the financial crisis, bitcoin gained attention as an alternative to a system that many believed to be broken. But its own growth over the years has been hampered by a string of frauds, Ponzi schemes and thefts.