

ARTICLES FOR 9-14-17 ROUNDUP

STATE ATTORNEYS GENERAL: LOCAL RESPONSES TO A NATIONWIDE CRISIS

Opium and its derivatives have been part of human society for thousands of years. From ancient Mediterranean civilizations, through Mesopotamia and South Asia, to China and beyond, recorded human history has from time to time intersected with the addictive, body- and mind-altering plant.

In the United States today, we live in one of those times of intersection. The modern reemergence of opioids in many synthetic forms is one of the deeply concerning public health and law enforcement stories of the second decade of the 21st Century.

The legal marketplace for opioid medications sometimes enables addiction, intentional or careless diversion, or other misuse. At the same time, the illicit opioid marketplace for diverted medications or for heroin is large and growing. The human cost is high: The Centers for Disease Control and Prevention estimates opioid overdoses kill 91 Americans every single day. Prescription opioid misuse is estimated to cost more than \$78 billion per year in health-care costs, lost productivity, addiction treatment and criminal justice costs.

The problem is widespread but not uniform. In some parts of the country, opioid abuse and dependence is the top local public health and safety concern. In others, different illicit drugs remain the top worry – in my state of Kansas, for instance, the serious problem of opioid abuse remains second to the ongoing scourge of methamphetamine - but opioids are trending noticeably upward.

So while national attention and assistance is vital, it is critical to allow for state and local responses tailored to unique local needs. The modern-day opioid epidemic is particularly ill-suited to one-size-fits-all solutions.

That is why state attorneys general are important players in addressing this crisis. As a group that regularly works together to address interstate problems, state attorneys general have a national reach. But at the same time they are diverse state officials closely connected to local leaders – particularly law enforcement leaders.

In short, state attorneys general are one of the natural bridges between the national dynamics of this crisis and its varied local realities. Individual attorneys general are tailoring local responses to emphasize the local aspects of the nationwide opioid crisis.

Some have focused on the illegal diversion of opioids from the legitimate supply chain to the illicit market. The Florida and Kentucky attorneys general, for example, coordinated crackdowns on “pill mills” and other illegal diversions of controlled opioids. The Massachusetts attorney general has worked with law enforcement to disrupt prescription opioid trafficking networks. State attorneys general also have prosecuted health-care professionals, including doctors, who have illegally diverted opioid medications.

Others have emphasized public awareness as a prevention strategy. The Arkansas attorney general launched a “Prescription for Life” initiative to discourage prescription drug misuse and abuse among high school students. The Wisconsin attorney general initiated the “Dose of Reality” public-awareness campaign that other states have adapted. The West Virginia attorney general introduced “Combating Addiction with Grace” to connect faith leaders with law enforcement and treatment professionals.

Still other state attorneys general have elevated the importance of safe disposal of unwanted prescription drugs to reduce post-consumer diversions. The Pennsylvania attorney general provides drug deactivation and disposal pouches to promote safe disposal of unwanted and unused prescriptions. Almost every state attorney general promotes or participates in the National Drug Take Back Day, and many also work with pharmacies, law enforcement and others to help make convenient take-back locations available year-round.

Treatment of addiction or exposure is a top priority for some attorneys general. The Arizona attorney general has partnered with CVS drugstores, which will begin selling Naloxone without a prescription. The Illinois attorney general has directed civil lawsuit settlement proceeds to community-based drug treatment. To promote officer safety, the Wisconsin attorney general has directed the state crime laboratory to allow officers to bring unknown powders to the laboratory for field tests rather than handling them at a crime scene.

Attorneys general also are using civil investigations and lawsuits to identify, penalize and stop illegal conduct in the marketing of opioid medications. The Ohio attorney general recently sued several drug manufacturers, and several other states have followed. A multi-state investigation of the practices of companies that marketed prescription opioids is underway.

The Oklahoma attorney general has convened key players in the newly created, multi-disciplinary Oklahoma Commission on Opioid Abuse.

To ensure good ideas do not stop at the state border, all of these state-level efforts – and more as they develop -- are continually shared nationwide through the Substance Abuse Committee of the National Association of Attorneys General. State attorneys general can work at the junction of law enforcement and policy. So at this point in human history, state attorneys general are important contributors to society’s overall response to opioid addiction and its many associated ills.

Derek Schmidt is president of the National Association of Attorneys General and the Kansas state Attorney General.

ATTORNEY GENERAL BALDERAS FILES LAWSUIT AGAINST OPIOID MANUFACTURERS AND DISTRIBUTORS FOR FUELING THE OPIOID EPIDEMIC THAT IS CRIPPLING NEW MEXICO

Attorney General Hector Balderas announced today that he has brought a lawsuit on behalf of the State of New Mexico against the country’s largest manufacturers and wholesale distributors of opioids, a crucial first step toward holding these companies responsible for flooding New Mexico’s communities with prescription opioids and fueling the opioid epidemic by putting profits over

people. The State of New Mexico is filing suit against five of the largest manufacturers of prescription opioids and their related companies and against the country's three largest wholesale drug distributors. The manufacturing companies pushed highly addictive, dangerous opioids, falsely representing to doctors that patients would only rarely succumb to drug addiction, while the distributors breached their legal duties to monitor, detect, investigate, refuse and report suspicious orders of prescription opioids.

"New Mexico continues to endure the most catastrophic effects of the opioid crisis, all while major out of state corporations make billions in profits at the expense of our families and communities," said Attorney General Hector Balderas. "This lawsuit is part of my office's multi-pronged effort, Project OPEN, to combat the opioid crisis in New Mexico by holding drug manufacturers and distributors accountable, securing treatment resources, and increasing funding for law enforcement."

"I support Attorney General Balderas' continued efforts to combat the opioid epidemic, particularly in Rio Arriba County," Española Mayor Alice Lucero said. "Families in Española know all too well what the realities of this crisis look like and this action is much needed to stop the flood of these dangerous drugs into our community." "As the District Attorney of communities with some of the highest opioid and heroin abuse rates in the country, I see the daily effects of this crisis in our own backyards," said 1st Judicial District Attorney Marco Serna. "Attorney General Balderas' efforts to combat this problem are part of a crucial statewide solution, and are the only way rural communities will be protected from this epidemic. I helped Attorney General Balderas launch Project OPEN earlier this year and I will continue to partner with his office to combat this crisis as one jurisdiction cannot do it alone."

"The Doña Ana County District Attorney's Office supports Attorney General Balderas' lawsuit and leadership on this important issue, and I look forward to hosting the next Project OPEN with the Attorney General in Las Cruces," said 3rd Judicial District Attorney Mark D'Antonio. We must attack the opioid crisis that is ravaging our families and straining our law enforcement resources in Doña Ana County and across New Mexico."

Las Cruces Mayor Ken Miyagishima said, "The opioid crisis is spreading across New Mexico at an alarming rate and in Las Cruces we are working to get ahead of the epidemic by focusing on prevention and treatment. That is why I am proud to partner with Attorney General Balderas to host the next Project OPEN training in Las Cruces and to support his lawsuit seeking critical resources for New Mexico communities in this battle."

The lawsuit was filed in the First Judicial District Court in Santa Fe County. The lawsuit alleges, among numerous counts, that the drug manufacturers falsely and misleadingly downplayed the serious risk of addiction to prescription opioids and falsely touted the benefits of long-term opioid use, reversing the popular and medical understanding of opioids. The wholesale distributors, meanwhile, violated their duties by selling huge quantities of opioids that were diverted from their lawful, medical purpose, thus causing an opioid and heroin addiction and overdose epidemic in the State of New Mexico.

The opioid epidemic has grown worse as people addicted to prescription pills have-- thanks to heightened enforcement efforts--found them harder to come by. Very often, these individuals have turned to cheaper, illegal street drugs including heroin and fentanyl. The residents of New Mexico continue to bear the burden of the epidemic as the costs of health care, addiction treatment, education, and law enforcement have continued to rise.

While deaths in New Mexico due to illicit drugs have remained steady during the past 10 years, deaths due to prescription drugs – particularly opioid pain relievers – have increased dramatically, nearly doubling between 2000 and 2014. New Mexico’s death rate from drug overdose grew in lockstep with the increasing sale and distribution of opioid drugs by the manufacturers and wholesale distributors. The New Mexico Department of Health estimates that in 2007 alone prescription opioid abuse and misuse cost the State of New Mexico \$890 million for items such as excess medical and prescription costs, lost earnings from premature deaths and costs associated with correctional facilities and police services.

Attorney General Balderas filed this lawsuit as part of the Office of the Attorney General’s Project OPEN: Opioid Prevention & Education Network. Through this targeted enforcement effort, the Office of the Attorney General works aggressively to bring civil enforcement actions against individuals and businesses who have harmed vulnerable New Mexican populations and New Mexican taxpayers.

THE PROBLEM:

- Since 2008, New Mexico has had one of the highest rates of drug overdose death in the United States.
- On average, over 500 New Mexicans die annually of a drug overdose, and approximately 70% of those deaths resulted from either opioid pain relievers or heroin.
- On average, that’s seven deaths a week resulting from either opioid pain relievers or heroin.
- In Rio Arriba County and Mora County, overdose death rates were more than five times the national rate.
- DOH reports that Naloxone was deployed by self-reporting individuals pursuant to the needle exchange program 850 times in 2014 and 790 times in 2015 in the State of New Mexico (otherwise resulting in overdose/wrongful deaths in the State of New Mexico).
- Close to half of NM counties have a drug overdose death rate that is one and half times higher than the US rate.
- New Mexico’s death rate from prescription drugs exceeds the statewide death rate from illicit drugs in more than half of the counties.
- Over the last 14 years, we have seen overdose deaths caused by prescription opioids rise faster than deaths caused by heroin.
- Drug overdose deaths and opioid-involved deaths continue to increase in the United States. The majority of drug overdose deaths (more than six out of ten) involve an opioid. Since 1999, the number of overdose deaths involving opioids (including prescription opioids and heroin) quadrupled.
- From 2000 to 2015 more than half a million people died in the US from drug overdoses.
- In New Mexico, Hispanic men had the highest drug overdose death rate with an average age of death of 45.
- In Lincoln County, 92.6% of every 100 citizens has a prescription for opioids.

- In over a third of NM counties, over 80% of every 100 citizens has a prescription for opioids.
- Approximately 175,800 people in New Mexico are currently prescribed opioids.
- More people use prescription opioids than tobacco.
- In Rio Arriba County, 64 out of every 1000 babies born suffers from Neonatal Abstinence Syndrome—a condition caused when the child is exposed to addictive opioids while in the womb and is born addicted. That's 10 times the national average for this syndrome.
- Drug overdose deaths as a leading cause of death has surpassed motor vehicle crash deaths in New Mexico

AG PAXTON RELEASES STATEMENT ON FIRST ASSISTANT AG JEFF MATEER'S NOMINATION BY PRESIDENT TRUMP TO FEDERAL BENCH

Attorney General Ken Paxton today praised President Trump's nomination of Texas' First Assistant Attorney General Jeff Mateer as a Federal District Judge:

"Jeff Mateer is a principled leader—a man of character—who has done an outstanding job for the State of Texas as First Assistant Attorney General," said Attorney General Paxton. "I knew when I appointed him eighteen months ago that a greater calling could come, and I couldn't be happier for Jeff and his family for this well-deserved appointment and high honor. Judges who rule by the Constitution and the law are desperately needed today, and I am confident a Judge Mateer will faithfully fulfill this duty."

Other colleagues in the attorney general's office weighed in on Jeff Mateer's appointment by the president:

"The State of Texas owes a debt of gratitude to Jeff Mateer, and his country is very fortunate to have a jurist committed to the rule of law and the constitutional principles on which this country was founded," said Solicitor General Scott Keller.

Brantley Starr, Deputy First Assistant Attorney General said, "Jeff Mateer leaves a legacy of service to the State of Texas and will now extend that service to all Americans."

"Jeff Mateer will be a righteous defender of the rule of the law. He has a deep character and strong integrity that, when matched with his respect for the Constitution and love for his country, will be a principled addition to our federal courts," said Director of Communications Marc Rylander.

AG COFFMAN TO APPEAL SEX OFFENDER REGISTRY RULING

DENVER- Colorado Attorney General Cynthia H. Coffman today announced that her office will be proceeding with an appeal on behalf of the Colorado Bureau of Investigation, after the U.S. District Court judge's decision in *Millard, et al. v. Rankin*. Although the United States Supreme Court has decided that sex offender registration laws are tools to protect the public and are not "punishment" of offenders, the District Court concluded that requiring three Colorado sex offenders to register is an unconstitutional additional punishment that is disproportionate to the crimes committed.

The three plaintiffs in this case are all convicted sex offenders who committed sexual assault against minors, in one instance on a three-year-old child. The plaintiffs argued that the Colorado Sex Offender Registration Act violated the Eighth Amendment's prohibition against cruel and unusual punishment and their right to due process. Courts across the country, including Colorado state courts, have explicitly and repeatedly upheld sex offender registration laws in the face of similar arguments.

"As Attorney General, protecting victims is one of the most critically important parts of my job," said Attorney General Coffman. "Colorado, its forty-nine sister states, and the federal government all have sex offender registry laws in place to inform the public and protect them from sexual offenders who have been found guilty of sexual crimes, including heinous crimes against children. Survivors of sexual assault are forever impacted by the trauma they have experienced, and we must never lose sight of the responsibility we have to prevent the victimization of more innocent people."

"I am surprised by the court's decision, and think the ruling contains several legal errors which we will now address on appeal," she said.

The court's decision does not allow convicted sex offenders, including these three plaintiffs, to be automatically removed from the sex offender registry. Colorado's registry continues to be maintained by the Colorado Bureau of Investigation in accordance with all applicable laws.

AG BRNOVICH FILES LAWSUIT AGAINST ARIZONA BOARD OF REGENTS FOR UNCONSTITUTIONAL TUITION HIKES

Contact: Mia Garcia (602) 339-5895 or Mia.Garcia@azag.gov

PHOENIX – Attorney General Mark Brnovich today filed a lawsuit against the Arizona Board of Regents ("ABOR") for dramatically and unconstitutionally increasing the price of base tuition and mandatory fees at Arizona's public universities by more than 300 percent since 2003. The Arizona Constitution requires that "the university and all other state educational institutions shall be open to students of both sexes, and the instruction furnished shall be as nearly free as possible."

"Every Arizonan dreams of being able to send their kids to college," said Attorney General Mark Brnovich. "Within the last 15 years, Arizona went from having some of the most affordable public universities to having some of the most expensive. We believe the Board of Regents needs to be held accountable and answer tough questions for Arizona's skyrocketing tuition rates."

The State alleges that ABOR has adopted unconstitutional tuition-setting policies, has abandoned its duty to serve as a check on the university presidents, and has ceased deriving tuition rates from the actual cost of instruction. According to the lawsuit, ABOR has misinterpreted its "nearly free" mandate to mean whatever the market rate is for peer institutions and made itself as the arbiter of "affordability" for Arizona's students and families.

Intertwined with these price hikes, ABOR has also refused to comply with Arizona law prohibiting state subsidies for students “without lawful immigration status.” ABOR is causing the illegal expenditure of public monies and the failure to collect tuition in direct contravention of clear and established Arizona law.

EQUIFAX DATA BREACH: WHAT YOU NEED TO KNOW

One of the three major credit reporting companies – Equifax – revealed that the personal data of 143 million U.S. consumers in its care – nearly half the country – has been compromised. This huge hack of personal data occurred over the period May through July, 2017, but was not publicly reported by Equifax until September 7.

During the period of the breach, the hackers accessed people’s names, Social Security numbers, birth dates, addresses and, in some instances, driver’s license numbers. They also stole credit card numbers and credit card dispute documents with personal identifying information.

“This is a monster data breach!” exclaimed Attorney General Ellen Rosenblum. “All of the personal information accessed by the hackers can be used fraudulently to validate the claimed identity of someone trying to open a bank or credit account. I urge Oregonians to assume your personal information has been hacked and take extra precautions to help ensure its safety. Here are some suggested actions to take.”

1. Do NOT visit Equifax’s website to find out if your information was exposed or to enroll in Equifax’s credit monitoring service. The website’s terms of service potentially restricts your legal rights. Buried in the terms of service is language that bars those who enroll in the Equifax checker program from participating in any class-action lawsuits that may arise from the incident. And because the hackers gained access to the information through Equifax’s U.S. website, it is unclear whether the information you enter to determine if your information has been compromised (your last name and the last six digits of your Social Security number) will be protected from future breaches.
2. Check your credit report for inaccuracies. You can request your credit report for free from each of three reporting bureaus every year by visiting www.annualcreditreport.com » or by calling 1-877-322-8228.

3. Place a credit freeze. A credit freeze will halt any application for a new line of credit and remain in effect until you request that it be lifted. Keep in mind that a credit freeze won’t prevent a thief from making charges to your existing accounts.

For more information on how to place a freeze, visit <https://www.doj.state.or.us/consumer-protection/id-theft-data-breaches/identity-theft/>.

4. Place a fraud alert. A fraud alert is a statement in your credit file that notifies anyone requesting a copy of your credit report that you may be a victim of ID theft. There are three different types of fraud alerts: an initial alert, an extended alert and an active duty alert. For more information on these types, visit <https://www.doj.state.or.us/consumer-protection/id-theft-data-breaches/identity-theft/>.

5. File your taxes as early as possible. As soon as you have the tax information you need, file your taxes before a scammer does. Tax identity theft happens when someone uses your Social Security number to get a tax refund or a job. Respond right away to letters from the IRS and the Oregon Department of Revenue.

6. Visit www.identitytheft.gov » to learn more about protecting yourself after a data breach.

Under Oregon law, businesses with Oregon customers are required to inform customers and the Attorney General's Office about security breaches that have placed personal information in jeopardy. For more information on the law and to view a copy of the Equifax breach notice, please visit <https://justice.oregon.gov/consumer/databreach/>.

In short – Do not rely on Equifax to help you deal with this data breach. Consider taking these suggested actions to protect your information going forward. Check your credit report every four months or so. Thieves can use your information anytime and anywhere!

ATTORNEY GENERAL BECERRA ISSUES CONSUMER ALERT FOLLOWING EQUIFAX DATA BREACH

Contact: (415) 703-5837, agpressoffice@doj.ca.gov

SACRAMENTO – California Attorney General Xavier Becerra today issued a consumer alert following the Equifax data breach that affected 143 million Americans and over 15 million Californians. Equifax is one of the nation's three major credit reporting agencies. According to Equifax, the breach lasted from mid-May through July, and compromised names, Social Security numbers, birth dates, addresses and, in some instances, driver's license numbers.

“Millions of Californians’ personal information has been compromised as a result of this massive data breach. Equifax's response to date is unacceptable,” said Attorney General Becerra. “My office has been and will continue to be in touch with Equifax until we get to the bottom of this massive data breach. We will do what's necessary to hold Equifax accountable. In the meantime, I urge all consumers to heed this alert to protect themselves.”

To check whether you have been impacted by the Equifax data breach, please visit: <https://www.equifaxsecurity2017.com/potential-impact/>. If you use Wi-Fi, make sure that you are using a secure Wi-Fi connection before submitting your personal information.

Consumers are also encouraged to take the following steps to protect their personal information:

1. Put a fraud alert on your credit file.

A fraud alert helps protect you against the possibility of someone opening new credit accounts in your name. A fraud alert lasts 90 days and can be renewed.

To post a fraud alert on your credit file, you must contact one of the three major credit reporting agencies below. If you contact any one of the three major credit reporting agencies, fraud alerts will be automatically added by the other two agencies as well.

Experian 1-888-397-3742
experian.com/fraud/center.html

TransUnion 1-800-680-7289
transunion.com/fraud

Equifax 1-888-766-0008
alerts.equifax.com

2. Review your credit reports. Look through each one carefully.

Check your credit reports from Experian, TransUnion, and Equifax — for free — by visiting annualcreditreport.com. Accounts or activity that you don't recognize could indicate identity theft, especially accounts opened recently.

3. If you find items you don't understand on your report, call the credit bureau at the number on the report.

Credit bureau staff will review your report with you. If the information can't be explained, then you will need to call the creditors involved and report the crime to your local police or sheriff's office. See the Identity Theft Victim Checklist: www.oag.ca.gov/idtheft/information-sheets.

When he assumed office, Attorney General Becerra made protecting consumers a top priority. Among other actions, he has secured a record \$18.5 million multi-state settlement with Target over data security failures that contributed to the compromise of 40 million customers' payment card information during the 2013 holiday season and a \$3.5 million multi-state settlement with Lenovo to resolve allegations that it illegally preinstalled ad-injecting software that compromised the security of its computers.

ATTORNEY GENERAL KILMARTIN ANNOUNCES MULTISTATE INVESTIGATION OF EQUIFAX DATA BREACH

Attorney General Peter F. Kilmartin today announced that the Office is part of a multistate investigation into the Equifax data breach looking how this breach took place, what the company is doing to assist and protect consumers now, and the steps the company is taking to ensure better protections for consumers going forward.

"Since the Equifax breach was announced late last week, we have received countless calls and emails from consumers who are rightfully angry and frustrated over the lack of information and clarity from the company on how this happened, protections that are being offered, and what rights consumers may have against the company," said Attorney General Kilmartin.

"While we continue to seek answers from Equifax, and will use all tools available to do so, we want to provide consumers a place where they can go to get the latest information available on the breach. We are updating our website daily (www.riag.ri.gov) with information and tips on ways to protect yourself from being further victimized. We are also working in partnership with other attorneys general and federal agencies to share information on how consumers in different states are being impacted in an effort to share that information with Rhode Island consumers," he added.

Attorney General Kilmartin reminds consumers of measures to take outside of the Equifax process to better protect from being victimized:

- All consumers should be very suspicious of emails from government agencies or their financial institutions looking to confirm specific personal information or financial account information.
- Do NOT trust any unsolicited email, text, or phone call that claims to be from a government agency or financial institution.
- Do NOT click on a link in any email or text that claims to be from a government agency or financial institution.
- Do NOT provide personal information over the telephone to someone who contacts you that claims to be from a government agency or a financial institution.
- Always contact your financial institution directly – by phone - to report suspicious activity on your accounts or to confirm whether they sent you a notification.
- Check ALL your financial accounts DAILY for suspicious activity and report it immediately to your financial institution.
- Based on information out of Alabama where a hacker used a person's compromised information in an attempt to trick a retirement broker into gaining access to a client's account, we strongly advise that you contact your investment or retirement manager to understand what protocols and safety measures are in place to ensure someone cannot pose as you to gain access to your accounts.

We encourage you to let us know if this breach has resulted in attempts by a hacker to use your compromised information to gain access to your financial information or accounts, including, not but limited to your bank accounts, credit cards, and retirement or investment accounts. Sharing this information with our office will allow us to warn others to be on the lookout for similar attempts.

To contact the Attorney General's Consumer Protection Unit please call (401) 274-4400 or email at consumers@riag.ri.gov. To learn more about the Equifax data breach, please visit <http://www.riag.ri.gov/homeboxes/Consumer.php>.

AG PAXTON FILES SUIT AGAINST ‘REPUTATION MANAGEMENT’ COMPANY

AUSTIN – Attorney General Ken Paxton recently filed a petition with the Harris County District Court alleging that Solvera, an online reputation management company, violated the Texas Deceptive Trade Practices Act by abusing the legal system to deceive Harris County district court judges with its defamation lawsuits.

The lawsuit alleges that Solvera perpetuated a “reputation management” scheme by filing lawsuits it knew contained false information – including fictitious plaintiffs and defendants. As a result, nationwide consumers, Texas attorneys and judges, along with search engines such as Google were all duped.

“At every step in its so-called reputation management process, Solvera repeatedly employed false, deceptive and misleading practices,” Attorney General Paxton said. “My office will not allow Texas consumers, attorneys, and courts to be confused and deceived by this unlawful behavior.”

Through its deceptive use of the legal process, Solvera was successful in deleting a number of potentially legitimate comments posted in the review section of websites, eliminating the feedback from search engine results without due process.

DRAFTKINGS AND FANDUEL TO PAY \$2.6 MILLION TO RESOLVE AG INVESTIGATION INTO PRE-REGULATION CONDUCT

AG’s Office Reviewed Economic and Consumer Protection Issues Related to Daily Fantasy Sports

BOSTON – DraftKings, Inc. and FanDuel, Inc. will pay a total of \$2.6 million after an investigation by Attorney General Maura Healey into alleged unfair and deceptive practices by the companies prior to her office’s 2016 promulgation of regulations governing daily fantasy sports.

Through two settlement agreements reached with the companies, DraftKings and FanDuel will each pay \$1.3 million. Funds from these settlements will be used by the AG’s Office for grant programs to protect consumers and engage young people in technology.

“I am glad to have reached these settlements to address various consumer issues that existed at the early stages of this new industry,” said AG Healey. “We have since implemented a set of comprehensive regulations that provide consumers with broad-ranging protections and that have served as a model for many other states.”

The AG’s investigation predated the office’s implementation of consumer protection regulations that went into effect on July 1, 2016. These settlement agreements resolve the allegations of unfair and deceptive practices used by DraftKings and FanDuel before the regulations were effective.

Beginning in early 2015, the AG’s Office conducted an extensive investigation into the business model and operating practices of fantasy sports operators, including DraftKings and FanDuel, in order to understand various economic and consumer protection issues.

As a part of that review, the AG's Office found that some participants in daily fantasy sports contests were not adequately protected and that comprehensive consumer-protective regulation was needed. In response to concerns uncovered during its review, the AG's Office proposed and implemented first-of-their-kind consumer protection regulations for the fantasy sports industry.

Both DraftKings and FanDuel cooperated throughout the investigation and have made significant changes to their business models to protect consumers with respect to gameplay fairness, protections for minors, responsible gaming requirements, fairness in advertising, and data and funds security. Each company represents that it is now in full compliance with the applicable regulatory requirements.

This matter was handled by Assistant Attorney General Dan Krockmalnic of the AG's Consumer Protection Division and Gary Klein, Senior Trial Counsel in the AG's Public Protection and Advocacy Bureau.

FEARING FEDS, IOWA AG HALTS MEDICAL MARIJUANA IMPORT PLAN

By Barbara Rodriguez, The Associated Press

DES MOINES, Iowa — An unusual attempt by Iowa to work with another state to transport medical marijuana oil across state lines is on hold amid legal concerns it could invite scrutiny from the federal government.

The Iowa Attorney General's office advised the Iowa Department of Public Health this month that it should not implement a small section in Iowa's new medical marijuana law that requires the state, before the end of the year, to license up to two "out-of-state" dispensaries from a bordering state. Those entities would have been expected to bring cannabis oil into Iowa in order to sell it.

That's considered illegal under federal law, which categorizes marijuana as a type of controlled substance that is prohibited from being moved across state lines. But during the final hours of the legislative session in April, some Republicans in the GOP-controlled Legislature suggested adding the language to open the door for a partnership with a neighboring state like Minnesota.

The development is not expected to impact other provisions in the law that call for establishing an in-state production system for cannabis oil by the end of 2018. Still, some GOP lawmakers expressed frustration with the news because the provision was also aimed at creating more immediate access to cannabis oil. Currently, Iowans have no way of getting the product within the state.

House Speaker Linda Upmeyer, R-Clear Lake, noted in a statement that no matter what the Legislature had decided, the state still would have been in violation of federal law.

"As I've said before, the federal government needs to act on this issue or let the states do their work," she said, adding, "The out-of-state distributors are the quickest way to supply sick Iowans

with a product that doctors say could be beneficial. If that provision doesn't work out, then people will have to wait another year, and that's disappointing."

At least 29 states, the District of Columbia, Guam and Puerto Rico now allow for comprehensive public medical marijuana and cannabis programs, according to the National Conference of State Legislatures.

Possessing, manufacturing and selling marijuana remains illegal under federal law. In 2013, the Department of Justice issued a memorandum offering assurance that states could proceed with medical marijuana programs without fear of federal prosecution, in part by avoiding agreements that would move marijuana from one state to another.

Geoff Greenwood, a spokesman for the attorney general's office, said in an email that if a state program authorizes or encourages diversion from one state to another, "it is possible that state's program may come under increased scrutiny from the federal government." He said the halt on implementation should remain "until the federal government provides further guidance regarding state medical marijuana programs."

Justin Strekal, political director for the pro-marijuana group National Organization for the Reform of Marijuana Laws, known as NORML, said few states have attempted what Iowa tried to do, though data is limited.

"This is just another example of lawmakers overcomplicating something for the sake of overcomplicating it, rather than implementing a system that actually serves their constituents," he said.

It's unclear how President Donald Trump's administration will deal with medical marijuana. Attorney General Jeff Sessions has warned marijuana is a dangerous drug and said he'd reconsider existing marijuana policies.

Sally Gaer, of West Des Moines, has lobbied for years for Iowa to allow more access to medical marijuana. Gaer, whose adult daughter uses cannabis oil, said lawmakers could have put Iowa's medical marijuana program in jeopardy by adding the language.

"I'm so frustrated with this," she said.

The out-of-state dispensaries provision is tucked into the second-to-last page of a 20-page law, and is separate from requirements that Iowa license up to two cannabis oil manufacturers in Iowa and up to five dispensaries to sell it in-state. The oil would be supplied in Iowa by the end of 2018. Smoking marijuana remains prohibited.

If state attorneys had decided out-of-state dispensaries must be licensed, it could have worsened an already tight timeline for launching the overall program. A new medical marijuana board met last week to help with requirements that Iowa license its manufacturers by December. The dispensaries must be licensed by April.

Rep. Jarad Klein, who was floor manager for the medical marijuana legislation that became law, was surprised to learn the provision on the out-of-state dispensaries wasn't moving forward. He said he would seek guidance from Gov. Kim Reynolds, who was lieutenant governor when the law was passed.

Klein, a Keota Republican, emphasized Upmeyer's point that the setup was aimed at ensuring that while the in-state production system gets up and running, people could access cannabis oil.

"Between now and us having that, sick people need their medicine," he said.

A Reynolds spokesman referred all questions to the public health department.

Hawaii says it's 1st state to go cashless for pot sales

Associated Press

Audrey Mcavoy, Associated Press

Associated Press September 13, 2017

HAWAII SAYS IT'S 1ST STATE TO GO CASHLESS FOR POT SALES

HONOLULU (AP) -- Hawaii said Tuesday that it aims to be the first state to have marijuana sales handled without cash, saying it wanted to avoid robberies and other crimes targeting dispensaries.

All of Hawaii's eight licensed dispensaries have agreed to go cashless by Oct. 1, the governor's office said. The dispensaries will ask patients to use a debit payment app to buy their pot instead of cash. The app is already an option for marijuana transactions in six states, including California and Colorado.

Iris Ikeda, the state's financial institutions commissioner, told reporters at a news conference that state officials haven't discussed whether people wanting to pay in cash will be turned away from dispensaries.

"Oct. 1 is our target date to try to go cashless as much as we can," Ikeda said.

Helen Cho, director of the Honolulu-based Aloha Green dispensary, said dispensaries won't be required to go cashless and the company won't turn away patients who want to pay in cash. The dispensary will be encouraging people to use the cashless system, she said.

Many marijuana businesses use cash because banks fear pot money could expose them to legal trouble from the U.S. government, which regulates banking and still bans marijuana.

The debit app called CanPay uses a Colorado-based credit union to facilitate transactions. The Hawaii dispensaries will set up accounts with the credit union, called Safe Harbor Private Banking.

Under the cashless system, customers use their checking accounts to pay CanPay, which sends the payment to Safe Harbor.

Hawaii was still working on allowing prepaid, stored-value cards to be used an alternative for people who don't have checking accounts, Ikeda said.

Becky Dansky, legislative counsel at Marijuana Policy Project, a Washington-based organization that aims to change federal law to allow states to determine their own marijuana policies, said it's good to find alternatives to dealing with large amounts of cash.

But she said it's a concern that Hawaii's program will rely on one specific system, given the risks of a hacker attack or a company going out of business.

Hawaii was among the first states to legalize medical marijuana in 2000. But the state didn't grant licenses to any dispensaries until last year. Maui Grown Therapies became the first to open last month after the state Department of Health gave it approval to begin sales.

During the Obama administration, the Justice Department issued guidelines to help banks avoid federal prosecution when dealing with pot businesses in states where the drug is legal.

But most banks don't see those rules as a shield against charges that could include aiding drug trafficking. They say the rules are difficult to follow, placing the burden on banks to determine if a pot business is operating within the law.

There is also uncertainty over how the Trump administration will react. Attorney General Jeff Sessions has said he wants to crack down on the legal marijuana industry.

Credit card companies like Visa and Mastercard say they won't allow their cards to be used to buy cannabis or marijuana-related products.

Patients who don't own smartphones will have to create CanPay accounts with an email address and personal identification number. Patients will be able buy pot by logging on to their accounts with computer tablets at the dispensaries.