

Kelly for Attorney General – Bringing New Solutions to California’s Toughest Problems

In an ever-changing, fast-paced environment, California deserves better than the same old policies and politics of the past. It’s time to use innovative solutions to keep California consumers safe.

With my background as a policy advisor to President Bill Clinton, my experience working with Attorneys General from around the country, my time serving as chief legal counsel at Facebook and my experience establishing online safety rules for kids, I will be ready on day-one to use technology and new ideas to protect California consumers.

As Attorney General, I will fight predatory lending. I will work to prevent mortgage fraud and prosecute lenders and anyone else that tries to take advantage of California homebuyers. I will enact and enhance programs to protect consumers against identity theft. I will protect our seniors from nursing home abuse and consumer fraud.

The same old policies of the past are not working. Join me, and together, we can create a safer California.

As California’s next Attorney General, I will protect California consumers by–

1. Combating Mortgage Fraud:

Aggressively Prosecuting Mortgage Fraud –To help combat California’s mortgage fraud crisis, Attorney General Jerry Brown has actively prosecuted deceptive lenders like Countrywide Home Loans. In the fall of 2008, Countrywide settled with the state of California on misleading lending practices and agreed to pay \$3.5 billion in home loan and foreclosure relief for California homeowners. At the close of 2009, California ranked third highest in home foreclosures.¹ Over 630,000 California homes were foreclosed upon - up 21 percent from 2008. There is still a lot more to do to protect homeowners and homebuyers and to prevent this from happening again. As Attorney General, I will expand efforts to aggressively investigate and prosecute violations of California’s mortgage statutes to the fullest extent of the law.

Providing Financial Educational Tools for Home buyers – Because California has one of the highest rates of mortgage fraud, we need to work harder to ensure that potential homebuyers truly understand the obligations their mortgages entail.² To do so, I will launch a public information campaign to make financial educational tools and materials more readily available to all Californians. I will dedicate a portion of the Attorney General’s main webpage to financial educational tools, like the information available on California’s Home Mortgage website, <http://www.yourhome.ca.gov>. As more and more people get most of their news and information online, it is now critically important to use social media to help spread the word. Building on

¹ RealtyTrac, Year End Report 2009, [1/14/10](#)

² 2007 National Money Laundering Strategy Report, Federal Bureau of Investigations

public service announcements that are traditionally on television and radio, my Attorney General's office will provide information and resources to consumers through the office's social networking pages and through public service ads on the web. By using social media and traditional media outlets, we will reach as many Californians as possible to further raise awareness about home buying and home mortgage fraud prevention. As your Attorney General, I will work to protect California homeowners.

2. Reducing Identity Theft & Stolen Credit Cards:

Aggressively Prosecuting Perpetrators of Identity Theft and Internet Fraud – The statistics about increased internet fraud and identity theft throughout California are alarming. In 2008, the Internet Crime Complaint Center (IC3) received 275,284 reports of Internet crime across the nation, a 33% increase over 2007.³ California ranked 10th highest in Internet crime perpetrators and victims per 100,000 people and 1st in overall Internet crime perpetrators and victims residing in the state.⁴ Internet-related crimes cost California's taxpayers and businesses millions of dollars. According to the High-Tech Crime Advisory Committee, in 2007, the total loss from reported Internet crime throughout California was more than \$29 million.⁵ The Federal Trade Commission reported in 2007 that 59% of identity theft now involves existing credit card accounts.⁶ In August 2008, California released a white paper stating that California was the second-worst state in the nation for identity theft complaints per capita.⁷ As Attorney General, I will aggressively prosecute perpetrators of all types of identity theft.

In 2002, I worked with state Senator Joe Simitian to require companies that suffer security breaches to report those breaches to consumers, a pioneering effort that has now been replicated in 46 states and by governments around the world. As your Attorney General, I will increase reporting requirements when data is compromised and also prosecute irresponsible companies that fail to protect their customers' sensitive personal information.

Improving Public Awareness on Preventing Identity Theft – As chief legal counsel at Facebook, I led our efforts to build security protections that give people control over their personal information on the Internet, creating a critical first line of defense against identity theft. As Attorney General, I will improve public awareness about the steps citizens can take to prevent becoming identity theft victims. In a recent example, Mia Garza criminally acquired personal data belonging to more than 29,000 Northern California Kaiser Permanente employees and stole the identities of at least 400 people. Led by the Sacramento High-Tech Crimes Task Force, the Garza investigation should serve as a wakeup call to focus our investments in High Tech Crimes Task Forces and promote diligence in protecting personal information. My Attorney General's office will prosecute these frauds when they occur and inform and empower consumers to help them avoid harm in the first instance.

³ High Technology Crime Advisory Committee 2008 Annual Report. The Internet Crime Complaint Center (IC3) is the only agency that collects national data on internet-related crimes, [www. IC3.gov](http://www.IC3.gov)

⁴ High Technology Crime Advisory Committee 2008 Annual Report

⁵ High Technology Crime Advisory Committee 2008 Annual Report

⁶ California Office of Privacy Protection, Identity Theft, Accessed [1/25/10](#)

⁷ California White Paper, Identity Theft 911, August 2008.

Cutting Down on Fraud by Making All Credit Card Transactions Secure - Credit card fraud is the largest single source of stolen identities in California, accounting for an estimated 337,300 identity-related crimes (23% of total) last year.⁸ As Attorney General, I will work with payment processors to protect this important financial and personal information and support requiring that businesses conduct credit card transactions over secured connections.

Creating Statewide Identity Theft Database to Track Identity Theft Patterns & Crime Rings
In 2008, almost 1.5 million Californians fell victim to identity theft. Identity theft is a widespread crime that California needs to take seriously. In California, identity theft costs victims an estimated \$749 million in out-of-pocket expenses in 2007. In 2001, California's Department of Justice developed the Identity Theft Registry to help victims of identity theft who were wrongly linked to crimes committed by people misusing their personal information.⁹ This was an important first step in protecting victims from further injury, but there is more that we can do to prevent crime rings and deter identity theft in the first place.

As Attorney General, I will create a statewide identity theft database at the Department of Justice to help track identity theft crimes and monitor any patterns in identity theft, like identity theft crime rings. Local law enforcement will use this database to report identity theft crimes in their area. The California Department of Justice will work with local law enforcement to monitor any patterns of identity theft for repeat offenders and crime rings. As the number of identity theft crimes increase, we need to improve the success of our investigation and prosecution of these crimes through close coordination and sharing of information between California Department of Justice and local law enforcement. By facilitating coordination of this information, we will cut down on identity theft by catching identity theft crime rings and repeat offenders.

3. Protecting Our Seniors:

Ending Abuse by Telemarketers - The largest population in the United States consists of people over the age of 65. Sadly, many seniors and "vulnerable adults" are targets of crimes ranging from telemarketing fraud to patient abuse in nursing home facilities. The United States Census Bureau projects that California's elderly population will nearly double within the next 20 years - from 3.7 million to more than 6.4 million.¹⁰ As this segment of the population grows we need to crack down on telemarketers whose aim is to take advantage of seniors with bogus marketing schemes. *The Desert Sun* reported that seniors fall victim to more than half of \$40 million in telemarketing scams every year.¹¹ As Attorney General, I will stand up for our seniors and stop telemarketer abuse. I will prosecute and seek recourse for seniors that have been misled by telemarketing firms to provide personal information, such as their credit card or social security numbers, for fraudulent purposes.

Preventing & Prosecuting Nursing Home Abuse - We need to ensure that older Californians and their relatives are aware of their rights when it comes to nursing home care and know what to expect when dealing with a legitimate nursing facility. As our population ages, health care and nursing home care have rapidly expanded as industries. Coincident with their expansion is a consistent increase in cases of elder abuse and exploitation at nursing facilities. The regulatory

⁸ California White Paper, Identity Theft 911, August 2008.

⁹ California Identity Theft, PrivacyRights.org

¹⁰ California Office of the Attorney General, Elder Abuse in Nursing Homes

¹¹ The Desert Sun, 7/18/09

process has failed to keep pace with these increases and ensure that every nursing home facility lives up to a clear standard of care. As Attorney General, I will direct the Bureau of Medi-Cal Fraud and Elder Abuse, in the Attorney General's office, to aggressively investigate elder abuse claims and protect patients in nursing homes and other long-term care facilities from abuse or neglect. We will conduct surprise on-site inspections of California's skilled nursing facilities and aggressively investigate and prosecute physical elder abuse cases committed in elder care facilities.

Proactively Investigating & Prosecuting Medi-Cal Fraud – California's Medi-Cal system provides health care to over 700,000 of California's seniors.¹² Unfortunately, the millions of dollars in Medi-Cal fraud every year results in fewer dollars available to treat Medi-Cal recipients. Just last year Attorney General Jerry Brown received \$21.3 million from Schering-Plough in a Medi-Cal overcharge case and recovered over \$209 million in taxpayers' money in other fraud cases.¹³ The Office of the Attorney General estimates that Californians are cheated out of billions annually in fraudulent Medi-Cal charges.¹⁴ It's clear that investing in the Bureau of Medi-Cal Fraud and Elder Abuse saves California taxpayers hundreds of millions of dollars in funds recovered from fraudulent transactions – and as California's next Attorney General, I'll continue to invest in important resources like this that deter fraud and save money.

4. Reforming Predatory Payday Lending:

Aggressively Prosecuting and Regulating the Payday Lending Industry – Payday lending allows people to borrow money from a short-term lender in order to pay bills until the next payday. These high-interest loans are required to be paid back in full by the next payday, making it difficult for people to pay back the full loan plus interest and still have money left over to pay all of their other bills. Payday lending therefore often traps families into a downward cycle of debt. There are now more than 2,300 payday lending shops throughout the state—more than the number of McDonalds or Starbucks.¹⁵ In 2008, more than 1.6 million Californians took out a total of 11 million payday loans resulting in over \$3 billion in transaction value.¹⁶ In 2009, the Center for Responsible Lending reported that California's Latino and African-American communities alone bore over \$247 million in payday lending fees.¹⁷ As Attorney General, I will work to regulate this industry and aggressively prosecute payday lenders that break the law.

Enacting a Cap on Borrowing Amount and Interest Rates - The United States Congress and others states have taken measures to cap the interest rates of payday loans in an attempt to decrease the skyrocketing interest rates and break the cycle of debt. For example, in 2007, the U.S. Congress passed a bill restricting the interest rates for members of the military and their families at 36%.¹⁸ As Attorney General, I will push the Legislature and Governor to set a statewide interest cap for these lenders at 36% instead of the 459% they can currently charge.¹⁹

¹² California Health Care Foundation, 2003 Estimate of Seniors on Medi-Cal, [September 2003](#)

¹³ Bloomberg Press, [12/17/09](#); Office of the Attorney General, Jerry Brown, 3/09/10

¹⁴ Office of the Attorney General, [Medi-Cal Fraud](#)

¹⁵ Center for Responsible Lending, "Snapshot: Payday Lending in California," [1/1/09](#)

¹⁶ The 2008 Annual Report: Operation of Deferred Deposit Originators Under California Deferred Deposit Transaction Law, Department of Corporations, [2008](#).

¹⁷ Center for Responsible Lending, "Payday Lending Strips \$247 Million From California's African-Americans, Latinos," [3/26/09](#)

¹⁸ The Los Angeles Times, 4/15/08.

¹⁹ Center for Responsible Lending, "Snapshot: Payday Lending in California," [1/1/09](#)