

Monthly Columns

by Attorney General Jack Conway



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During this time of unprecedented state budget cuts, job losses and belt tightening for families across the Commonwealth, it's clear that every dollar saved can make a difference. That's why, since taking office in January 2008, I've made it my priority to save you money. My divisions of Consumer Protection, Rate Intervention and Medicaid Fraud have saved and or recovered nearly \$162 million for Kentucky taxpayers.

This savings comes despite 20% budget cuts that have strained resources in my office. Like many state agencies, we are doing more work with fewer people. Be assured, budget cuts have in no way affected our mission-critical services, such as upholding the laws of the Commonwealth, protecting consumers, creating a Cybercrimes Unit, combating fraud and elder abuse and halting unnecessary utility rate increases.

The money we have been able to recover has come from civil penalties and restitution from lawsuits filed by my office on behalf of consumers. We have also settled a series of lawsuits against pharmaceutical companies that have listed inflated Average Wholesale Prices (AWPs) for their drugs. In these lawsuits, we allege the pharmaceutical companies inflated AWPs, overcharging the Kentucky Medicaid Program. In fact, on June 24th we received a \$16 million verdict in Franklin Circuit Court against generic drug manufacturer Sandoz.

Additionally, my office has fined retailers more than \$100,000 for price-gouging in the wake of Hurricane Ike and the subsequent wind storm last September. We're also seeking \$89 million from Marathon Oil for alleged price-gouging in the wake of Hurricanes Katrina and Rita. And my office serves as a watchdog for consumers on utility rates. We intervene on behalf of ratepayers when utility companies request rate increases from the Public Service Commission. Since taking office, we've saved consumers more than \$91 million in proposed rate increases.

The hard work of my attorneys, investigators

and staff is truly saving consumers money. And as we all know, in times like these, every dollar makes a difference for Kentucky families.

Consumer Protection

- Civil penalties, restitution and recovery of investigative costs

2008 - \$5,665,211.24

2009 - \$1,105,250.45

Total - \$6,770,561.69

Medicaid Fraud & Abuse

- Recovered \$63 million for the Kentucky Medicaid Program
- Includes global settlements and Average Wholesale Price (AWP) lawsuits

2008 - \$25,687,988.09

2009 - \$37,927,452.83

Total - \$63,615,440.92

Rate Intervention

- Saved consumers more than \$91 million in proposed rate increases from utility companies.

Scams During Tough Times

Tough economic times bring out the best and worst in people. I want to caution Kentuckians who are looking for work to be leery of the latest scams that prey upon those suffering financial hardships. My Office of Consumer Protection has received an increased number of complaints about so-called "Secret Shopper" or "Mystery Shopper" scams that target job-seekers through newspaper ads, Internet job sites, direct mailings and online resume postings.

Scammers tell their victims they will be paid to perform certain shopping duties. Victims receive a check, usually for thousands of dollars, and are told to immediately deposit the check and wire a portion of the funds to a specified location, most likely out of the country. What the victim doesn't know is the check that appears to be from a valid company

is fraudulent. Once the money is wired, the scammer walks away with cash and the victim bears the loss.

Please remember to only wire money to trusted friends and if a prospective employer is requesting money, it is probably a scam. Only open emails from people you know and delete any emails that look suspicious. Scammers often use malware (malicious software) installed on a victim's computer through email attachments to gain access to the victim's online banking.

As many of these scams are perpetrated outside of the U.S., it is often difficult to track down those responsible. For those of us in law enforcement, our best defense against these scams is by educating the public on how not to become victims.

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