



KENTUCKY

General News

May 2011

Attorney General Conway Accuses Marathon of Price Gouging

Attorney General Conway is once again fighting to protect Kentuckians from price-gouging at the pumps. After receiving calls and emails from consumers reporting drastic changes in gas prices following severe storms and flooding, General Conway filed a motion for a temporary injunction in Franklin Circuit Court accusing Marathon Petroleum Company of raising the wholesale price of gasoline and other motor fuels in markets across Kentucky during a time of emergency. The injunction asked the court to require Marathon to lower its wholesale prices to no more than the price charged on April 25.



Although Judge Thomas Wingate denied the request for an injunction, General Conway is continuing to move forward with his price-gouging case against Marathon.



“I pursued this case to protect the best interests of consumers across the Commonwealth, who are hurting right now,” General Conway said. “Today’s ruling is limited to this particular injunction, and the judge was clear that it does not affect the ongoing and underlying price-gouging case against Marathon. I believe Marathon has engaged in price gouging, and we plan to aggressively pursue that case.”

General Conway also remains concerned that Marathon’s dominance of the wholesale gasoline market in Kentucky allows a distortion of gas prices.

“In certain areas of the Commonwealth, it actually has a 100 percent monopoly on wholesale supply. In the long term, we must address this problem, and I am turning over evidence we have developed to the U.S. Department of Justice’s recently formed gas task force that is charged with investigating illegal activity in the oil and gas markets.”

In 2009, General Conway reached settlements totaling more than \$107,000 with eight retail gas stations as part of a price-gouging investigation in the wake of hurricane Ike and the subsequent windstorm that hit Kentucky.

Gov. Beshear Extends statewide Price-Gouging Protections

At the request of Attorney General Conway, Gov. Steve Beshear signed a consumer protection executive order on May 25 to extend the statewide price-gouging protection laws an additional 30 days. The price-gouging protections were set to expire on May 26, one month after severe storms and flooding across Kentucky.

The extension will allow for the continued investigation into any complaints of price gouging involving gas, building supplies, hotels and other goods and services.

Seventy-one counties in Kentucky have declared states of emergency.



Kentucky Attorney General Jack Conway

Attorney General's Office Welcomes New Chief Deputy

Attorney General Conway is pleased to announce that Patrick Hughes is joining his staff as the new Chief Deputy Attorney General. Hughes, a partner in the law firm Dressman, Benzinger, Lavelle PSC in Northern Kentucky, has previously served as an attorney in the Department of Financial Institutions and was a senior staff member in Kentucky's Finance and Administration Cabinet from 1995 to 1997.

"Patrick will be a valuable addition to our staff to assist in furthering the mission critical priorities of this office," General Conway said. "His expertise and experience in state government will help us better assist Kentucky families in every corner of our Commonwealth."

Hughes is a graduate of the University of Cincinnati College of Business and received his law degree from the University of Kentucky. He currently resides in Edgewood, Ky. with his family and is a member of several community organization boards in Northern Kentucky.



Attorney General Hosts Prescription Drug Abuse Programs in Owensboro, Bowling Green

Attorney General Conway took his Keep Kentucky Kids Safe program to Owensboro and Bowling Green in May to warn students about the dangers of prescription drug abuse. General Conway and his partners spoke to nearly 1,000 students at Owensboro High School and Bowling Green Junior High on May 10 and 11.



"School officials and law enforcement in communities across Kentucky tell me prescription drug abuse is the biggest problem our schools and students face today," said General Conway. "That's why I'm traveling across the state to let students know that the few minutes of fun they get from taking illegal prescription pills can lead to death and a lifetime of heartache for their families."

Non-medical use or abuse of prescription drugs is the fastest-growing drug problem in the United States, according to Office of National Drug Control Policy. A 2008 Kentucky Incentives for Prevention (KIP) Survey also found that the fastest area of prescription drug use among high school sophomores was in communities in Western Kentucky.

"The epidemic of prescription drug abuse is endangering the future of our Commonwealth," said Chris Cohron, Commonwealth's Attorney for the 8th Judicial Circuit representing Warren County, who joined General Conway in Bowling Green. "The efforts of law enforcement and our communities must work together to stem the wave of destruction it is causing."

Also joining General Conway were Van Ingram, Executive Director of Kentucky's Office of Drug Control Policy, representatives from the Kentucky Pharmacists Association, Owensboro Police Department and Dr. Karen Shay, whose daughter, Sarah, died of a prescription drug overdose in 2006.

With easy access to prescription medications, General Conway and his partners are urging parents to monitor and secure prescription pills in their homes and safely dispose of old or unneeded pills by utilizing prescription drug 'Take Back' efforts planned around Kentucky.

For more information about prescription drug abuse and prevention, visit <http://ag.ky.gov/rxabuse>



Attorney General Conway recently sat down with BBC Radio to talk about the heavy toll prescription drug abuse has taken in Kentucky. BBC Radio asked to interview General Conway after learning about his efforts to combat the problem through his statewide Prescription Drug Diversion Task Force and education and prevention initiatives.

Low Voter Turnout Results in Fewer Calls to Attorney General's Election Fraud Hotline

The Attorney General's Election Fraud Hotline received six calls between 6 a.m. and 7 p.m. (EDT) during the Primary Election on Tuesday, May 17. Two of the calls dealt with general election fraud complaints, three dealt with procedural questions and one call was a media inquiry. There were no vote-buying allegations. There were 106 calls to the hotline during the Primary Election in 2010.

"I appreciate the efforts of our citizens who exercised their right to vote and thank them for being our eyes and ears in the polling places," General Conway said. "Obviously the low voter turnout affected the number of calls we received during the Primary Election."

The Office of the Attorney General, Kentucky State Police, the Kentucky Board of Elections and the Kentucky Secretary of State are reviewing the complaints and will investigate any that prove to be criminal in nature.

As required by statute, the Office of the Attorney General will draw six counties in a random drawing within 30 days of the Primary Election, and a post-election audit will be conducted in those counties.



Attorney General's Office Reaches \$6.5 Million Settlement With Generic Drug Manufacturer in AWP Case

Attorney General Conway announced a \$6.5 million settlement with pharmaceutical manufacturers Mylan Laboratories, Inc. and Mylan Pharmaceuticals, Inc. over allegations the companies published false average wholesale prices (AWPs) for their drugs.

The Kentucky Medicaid program relies on published AWPs to calculate Medicaid drug reimbursement rates. Mylan published significantly inflated AWPs for their drugs that bore no relationship to prices that any of their customers actually paid for the drugs. This created an artificial "spread" between the inflated published prices and the real prices. Some of these spreads exceeded 8,000 percent.

Mylan then used these spreads as a sales tool to market the drugs to their customers, thereby increasing company profits and Mylan's market share in the pharmaceutical industry.

"These deceptive practices caused the Kentucky Medicaid program to pay substantially more for Mylan's drugs than it actually cost Kentucky pharmacies to acquire them," said General Conway. "Taxpayers should not be footing the bill for inflated drug prices."

The United States has already settled the federal claims against Mylan, so Kentucky will retain the entire \$6.5 million of the settlement proceeds. This is the latest in a number of settlements in lawsuits filed by the Office of the Attorney General against 46 major drug companies over average wholesale prices.

Since Attorney General Conway took office in January 2008, his Office of Medicaid Fraud and Abuse Control has recovered or been awarded more than \$180 million for the state and federal Medicaid programs. These cases range from lawsuits and settlements against pharmaceutical companies to cases against individual providers.

Kentucky Circle K Stores to Curb Tobacco Sales to Minors after Agreement with Attorney General Conway

Attorney General Conway has joined the attorneys general of 40 other jurisdictions (39 states and the District of Columbia) in an agreement with Circle K Stores, Inc. and Mac's Convenience Stores LLC to enhance efforts to eliminate underage tobacco sales.

"Every day in the United States more than 2,000 children begin smoking cigarettes and one third of those children will one day die from tobacco-related disease," General Conway said. "I applaud Circle K for stepping up to help strengthen procedures to curb underage tobacco sales."

The agreement, called an Assurance of Voluntary Compliance, covers about 4,000 convenience store operations in 32 states, all of which sell tobacco products. Stores covered by the agreement operate under the names Circle K, Dairymart, and On The Run. There are 91 stores in Kentucky affected by the agreement.

Under the agreement, Circle K will adopt specific procedures designed to reduce sales and marketing of cigarettes and other tobacco products to minors in all of its approximately 3,000 corporate-owned stores, and will adopt various methods designed to curb underage tobacco sales at another 1,000 franchise locations. More Information — <http://goo.gl/FZF0L>



Electronic Warrant System Now Serving 60 Percent of Kentucky's Population

The Attorney General's office successfully implemented an electronic warrant management system (eWarrants) in six more Kentucky counties in May. This brings to 57 the number of counties that have received the eWarrant system under a \$3.9 million American Recovery and Reinvestment Act (ARRA) grant awarded to the Office of the Attorney General in 2009.

"The support and assistance we received from local officials helped ensure a smooth implementation of eWarrants in each of these counties," General Conway said. "With today's launch, more than 60 percent of the state's population is now covered by eWarrants."



Working with local officials in the 24th (Johnson, Lawrence and Martin counties) and 37th (Carter, Elliott and Morgan counties) judicial circuits, the Office of the Attorney General, in partnership with the Administrative Office of the Courts (AOC), the Kentucky State Police, the Kentucky Office of Homeland Security and Open Portal Solutions, Inc., provided training and support for the new system.

Service rates for warrants rise from as low as 10% under the old system to roughly 50% immediately after implementation of eWarrants, and as high as 80% in the long-term. There are nearly 380,000 warrants currently in the eWarrants database.

"We are very excited to have eWarrants in the 37th judicial circuit," said Elliott County Attorney John Lewis. "This system will be an important tool for criminal justice personnel as it reduces the time it takes to create complaints, sign them into warrants and serve them. Once in the eWarrants system, warrants are accessible from anywhere in the state."

Today's successful launch of eWarrants in the 37th Judicial Circuit adds more than 3,000 warrants to the system and covers nearly 49,000 Kentuckians. Since the first roll-out of eWarrants under the ARRA grant in October 2010, nearly 78,000 warrants now exist in the eWarrant system and 16,645 warrants have been served or recalled.

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More information — <http://goo.gl/ZJ1Q0> and <http://goo.gl/K2rsQ>

Registered Sex Offender in Lexington Arrested for Possession of Child Pornography

An investigation by General Conway's Cybercrimes Unit has resulted in the arrest of a Lexington man for possession of child pornography. On Monday, May 2, 2011 Cybercrimes investigators arrested 36-year-old William K. Hainsworth, a registered sex offender, on four counts of possession of matter portraying a sexual performance by a minor, a Class D felony that carries a penalty of one to five years.

With the assistance of Lexington Metro Police, Hainsworth was taken into custody during the execution of a search warrant at his Northland Drive residence. Investigators found multiple images of minors engaged in sexually explicit conduct on a computer in the residence.

Hainsworth was required to register as a sex offender following a 2006 conviction on criminal attempt sexual abuse 1st degree. In 2008, Hainsworth pled guilty to failing to comply with the sex offender registry.

Since its creation in June 2008, General Conway's Cybercrimes Unit, a member of the Internet Crimes against Children Task Force, has launched more than 200 investigations and seized more than 200,000 child pornographic images and videos from the Internet.



A charge is merely an accusation and a defendant is presumed innocent until and unless proven guilty.



MEDICAID FRAUD & ABUSE

Three Women Indicted in Scheme to Fraudulently Obtain Medicaid, Food Stamp Benefits

A Franklin County grand jury returned indictments in May against three women on multiple felony charges of Tax, Medicaid and Food Stamp Fraud.

The indictments allege that between 2004 and 2007, 43-year-old Melody Jones of Speedwell, Tenn. and her daughter, 25-year-old Brooke Jones of Middlesboro, participated in a scheme to fraudulently obtain more than \$10,000 in Kentucky Medicaid benefits and more than \$10,000 in Food Stamp benefits, now known as the Supplemental Nutrition Assistance Program (SNAP). The charges are Class C felonies and carry a penalty of five to 10 years in prison.

Melody Jones and Brooke Jones were each charged with two additional counts of Assistance Program Fraud from 2007 to 2011 and 2007 to 2009 respectively for giving false information to the Cabinet for Health and Family Services in order to qualify for Medicaid and Food Stamp benefits. Both additional charges are Class D Felonies, carrying penalties of one to five years in prison each.

The grand jury also charged Melody Jones with five counts of tax fraud, or willful failure to file a tax return, and charged Brooke Jones with two counts of willful failure to file a tax return and one count of filing a false tax return for the years 2005 through 2007.

Forty-two-year-old Kelly Miller of Pineville was indicted on five counts of willful filing of a false tax return for the years 2004 through 2008. The tax fraud charges are all Class D felonies carrying penalties of one to five years in prison each.

All of the felonies charged in the indictment, in addition to the prison time, carry an additional penalty upon conviction of a fine up to \$10,000 or double the amount of fraud, whichever is greater.

The indictments stem from a three-year investigation conducted by the Kentucky State Police, Drug Enforcement Special Investigations Unit following a referral from the Cabinet for Health and Family Services' Adult Protective Services office in Bell County in September 2007.

Two Community Presence Caregivers Plead Guilty in Connection with Abuse of a Mentally Handicapped Patient

Attorney General Jack Conway on May 3 announced the guilty pleas of two Kentucky caregivers in connection with the abuse of a mentally handicapped patient at Community Presence, Inc. in Carter County. Robert Thompson, 55, of Ironton, Ohio pled guilty in three separate indictments to two counts of knowingly abusing a vulnerable adult and one count of wanton endangerment 1st degree. Ira Griffith of Mt. Sterling, Ky. pled guilty to a single charge of wantonly neglecting a vulnerable adult.

"These guilty pleas conclude four cases of abuse involving multiple victims at Community Presence," said General Conway. "The hard work of our investigators and prosecutors, working together with the local commonwealth's attorney and local law enforcement, brought justice to these two men."

Thompson and Griffith were indicted in Carter Circuit Court in June of 2008 in connection with the abuse of Craig Martin, a mentally handicapped adult who was under the care of and resided at Community Presence, Inc. On September 10, 2007 the pair unreasonably confined and intimidated Martin with the use of improper physical restraints when he posed no threat to himself or anyone else.

Under plea agreements, Thompson will serve nine years on his remaining three indictments and he has agreed to waive any appeal to his jury conviction from March 2011. Griffith will serve a sentence of one year to be diverted.

Investigators from General Conway's Medicaid Fraud and Abuse Control Division and the Grayson Police Department jointly cooperated in the Craig Martin abuse case and the arrests of both defendants. Prosecutors from Medicaid Fraud handled the prosecution of this case at the request of the Carter County Commonwealth's Attorney's office.

More Information — <http://goo.gl/RGkCn>

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Applications Being Accepted for Attorney General's Child Sexual Abuse Prevention Grant

Attorney General Conway and his Office of Victim's Advocacy announced the availability of the Child Victims' Trust Fund's (CVTF) fiscal year 2012 Statewide Prevention Grant. Revenue for the grant comes from the proceeds of the "I Care About Kids" license plates, the Kentucky Income Tax Refund Check-Off and private donations.

The CVTF Statewide Prevention Grant provides funding for a public education and awareness campaign on child sexual abuse. The campaign must make use of electronic and print media to inform the public about the nature of child sexual abuse, legal reporting requirements, victim rights, legal remedies, agency services and prevention strategies.

"The consequences of child sexual abuse are devastating and can last a lifetime," said General Conway, Chairman of the Child Sexual Abuse and Exploitation Prevention Board (CSAEP). "This grant helps ensure that the public is aware of this horrific crime and the resources available to help victims."

The CSAEP Board administers the Statewide Prevention Grant, as well as the CVTF Annual Regional Prevention Grant and the Child Sexual Abuse Medical Reimbursement Examination Grant, which helps defray the costs of child sexual abuse medical exams.

Last fiscal year, the CSAEP Board awarded \$219,433 to sexual abuse prevention programs and for child sexual abuse medical exams in Kentucky.

Non-profit and public agencies interested in applying for a CVTF Statewide Prevention Grant can apply at any time during the year. Grant instructions and an application are posted at www.ag.ky.gov/cvtf or may be obtained by contacting:

CVTF Grant Program Coordinator
1024 Capital Center Dr., Suite 200
Frankfort, KY 40601
(502) 696-5312

Since July 1, 2010, General Conway's Office of Victims Advocacy has provided services to more than 5,000 victims and service providers. The office works to ensure that Kentucky's crime victims are treated with respect and dignity as their cases proceed through an often complicated criminal justice system.