



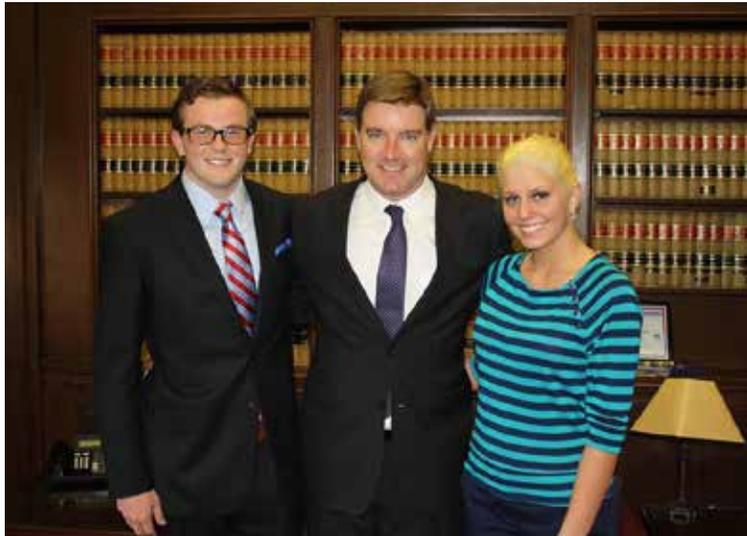
KENTUCKY

General News



May 2014

Attorney General Conway Announces Recipients of the “Sarah Shay & Michael Donta Memorial Scholarships”



Two \$1,500 scholarships created last year to help high school seniors whose lives have been impacted by prescription drug abuse will benefit two Eastern Kentucky teens attending college this fall. Kimberly Barrett, a graduate of Owsley County High School, and Josh Hollan, a graduate of Hazard High School, were selected in May to receive the “Sarah Shay and Michael Donta Memorial Scholarships for Hope and Healing.” Attorney General Conway, joined by Shay’s mother and Donta’s father, made the announcement at a May 29 press conference.

“Kimberly and Josh have embraced positive lifestyles, excelling in both their personal and academic lives, despite seeing firsthand the devastating consequences of prescription drug abuse,” Attorney General Conway said. “Their scholarship essays serve as vivid reminders of the heavy toll that prescription drugs are taking on families across Kentucky. I commend Kimberly and Josh on their hard work and wish them only the best as they pursue their college degrees. They are writing a new chapter for their families and helping stop the cycle of addiction.”

The scholarships are in memory of 19-year-old Sarah Shay and 24-year-old Michael Donta. Shay, of Morehead, Ky., died of a prescription drug overdose in 2006. Donta, of Ashland, Ky., lost his battle with prescription painkiller abuse in 2010. Sarah and Michael’s parents, Dr. Karen Shay and Mike Donta, now travel across Kentucky with Attorney General Conway to help educate middle and high school students about the dangers of prescription drug abuse and heroin. Through the Attorney General’s Keep Kentucky Kids Safe program, General Conway and his partners have shared this important message with approximately 40,000 students, teachers, and parents in Kentucky.

“I am humbled and honored to help present these scholarships to two very deserving students,” Donta said. “They have shown us that there’s hope for those whose lives have been affected by addiction. Although Kimberly and Josh were not personally addicted to prescription drugs, their lives were interrupted by the destructive actions of others. They were able to overcome this and have demonstrated their ability to heal and move forward in a positive way.”

“I am so pleased that this wonderful gift will help make a difference in the lives of two Kentucky teens who have been impacted by the effects of prescription drug abuse, and I admire the strength and courage of each and every applicant who shared his or her story with us,” Shay said. “This scholarship program, named in memory of my daughter and Mike’s son, is just one more way we can continue to raise awareness about the dangerous consequences of drug abuse and addiction.”

The Office of the Attorney General and the Prosecutors Advisory Council (PAC) were able to offer these scholarships thanks to the generosity of the National Association of Drug Diversion Investigators (NADDI) and private donations from Sarah’s and Michael’s families.

One “Sarah Shay Memorial Scholarship” and one “Michael Donta Memorial Scholarship” will be awarded each year to a graduating high school female and male, who meet the scholarship criteria, to put toward postsecondary education expenses.

Watch on the OAG YouTube Channel:

<https://www.youtube.com/watch?v=1bOuZar7-ZE> .

Watch WYMT’s Eastern KY Students Talk Personal Connections to Drug Abuse: <http://tinyurl.com/lxn43m9>.



General Conway & UK Announce Adolescent Substance Abuse Prevention & Treatment Project



The University of Kentucky (UK) is being awarded \$1.5 million over two years to develop a comprehensive plan for the prevention and treatment of adolescent substance abuse. The funding is a direct result of settlements Attorney General Conway secured with two pharmaceutical companies.

“This grant will allow us to explore all of the resources available to Kentuckians to fight this growing problem and ensure that the best practices for treating adolescents grappling with substance abuse are shared with clinicians and providers across the Commonwealth,” Attorney General Conway said during a May 19 press conference at UK to announce the project. “I am very proud of this partnership with UK, and I believe this investment will help save lives in our Commonwealth.”

The University of Kentucky will receive \$1.5 million from the settlement funds that are being administered by the Substance Abuse Treatment Advisory Committee, which Gov. Steve Beshear created by executive order and is chaired by Attorney General Conway.

The grant is intended to address all aspects of adolescent substance abuse, including community and physician outreach and education, treatment plans, and outcomes measurement. Funding will be used to create and implement “UK Kentucky Kids Recovery,” a treatment program that addresses every stage in the continuum of adolescent substance abuse.

“Our goal is to develop a start-to-finish plan with elements that offer evidence-based treatment, provide outreach to teachers, families, primary care providers and pharmacists, and target resources to communities with the highest need,” said Dr. Catherine Martin, director of UK’s Division for Child and Adolescent Psychiatry and the director for UK Kentucky Kids Recovery. “The program will utilize only treatments with a proven track record of success.”

Dr. Michael Karpf, UK executive vice president for health affairs, said that the partnership could become a model for other states struggling with the issue of adolescent substance abuse.

“At UK HealthCare, we believe in Kentucky’s youth and their potential to do great things for this state,” Dr. Karpf said. “We have the expertise to help these kids get healthy and stay healthy, and we are appreciative of the state’s partnership to aid in achieving this goal.”

Watch on the OAG YouTube Channel: <https://www.youtube.com/watch?v=qMoD1mvk8BU> .

History of the Settlement Funds

Attorney General Conway settled cases against two pharmaceutical companies for \$32 million. The court orders filed in both settlements require that the funds be spent on substance abuse treatment programs.

Nineteen-million dollars from the settlement created the “KY Kids Recovery” grant program. The grants are funding comprehensive juvenile substance abuse treatment programs, both expanding treatment beds at existing facilities and creating new juvenile treatment programs with the full continuum of care, including intensive outpatient and follow-up care centers.

The settlement is also providing \$500,000 to complete construction of a Recovery Kentucky center near Ashland, \$2.5 million for almost 900 scholarships over two years to Recovery Kentucky centers, and \$560,000 to create 14 drug-free homes for people completing and transitioning out of residential substance abuse treatment programs.

In addition, the following entities are receiving funds over the next two years from the settlement:

- ▶ \$6 million to administer and upgrade KASPER, Kentucky’s electronic prescription drug monitoring program.
- ▶ \$600,000 to support substance abuse treatment for pregnant women by Chrysalis House in Lexington.
- ▶ \$400,000 to support substance abuse treatment for pregnant women by Independence House in Corbin.
- ▶ \$1 million to develop a school-based substance abuse screening tool with the Kentucky Department of Education to intervene with at-risk children before they enter judicial or social services systems.
- ▶ \$250,000 to create a database to evaluate outcomes of juvenile treatment.

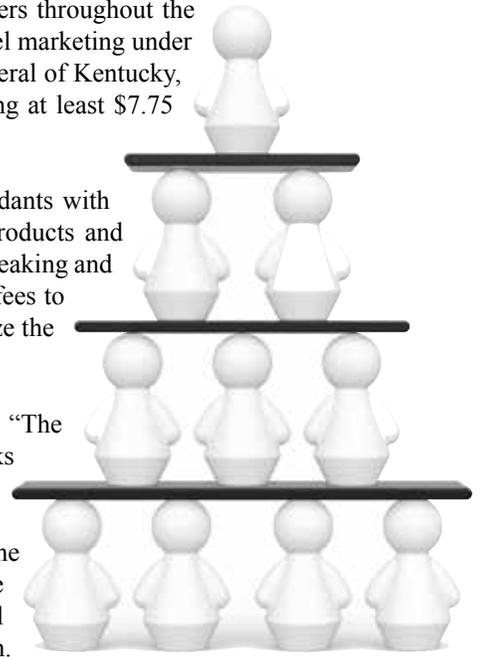
Attorney General Conway Announces Settlement Regarding Fortune Hi-Tech Marketing

The operators of a Kentucky-based pyramid scheme, which enrolled more than 350,000 consumers throughout the United States, Puerto Rico, and Canada in just its last four years, have been banned from multi-level marketing under a settlement announced May 13 with the Federal Trade Commission (FTC) and the Attorneys General of Kentucky, Illinois, and North Carolina. The settlement also requires the operators to surrender assets totaling at least \$7.75 million, which will be returned to consumers.

In January 2013, the FTC and the states charged the Fortune Hi-Tech Marketing (FHTM) defendants with deceiving consumers by claiming they would earn significant income through selling various products and services if they signed up as FHTM representatives. In recent years, the scheme targeted Spanish-speaking and immigrant communities. Participants were required to pay substantial start-up costs and monthly fees to retain their positions with the company. The court subsequently halted the deceptive practices, froze the defendants' assets, and appointed a receiver over the corporations pending a trial.

“This was a classic pyramid scheme in every sense of the word,” Attorney General Conway said. “The vast majority of people, more than 90 percent, who bought in to FHTM lost their money. This marks the end of one of the most prolific pyramid schemes operating in North America.”

The order imposes a judgment of more than \$169 million, which will be partially suspended when the defendants have surrendered certain assets with an estimated value of at least \$7.75 million. Once the payment is received, the FTC will coordinate a restitution plan for consumers. The full judgment will become due immediately if the defendants are found to have misrepresented their financial condition.



Read more here: <http://migration.kentucky.gov/Newsroom/ag/FHTMsettlement.htm>

Ashland Hospital to Pay Nearly \$41 Million to U.S. Government as Part of Landmark Settlement

Attorney General Jack Conway, along with Kerry B. Harvey, U.S. Attorney for the Eastern District of Kentucky, the Federal Bureau of Investigation (FBI), the U.S. Dept. of Health and Human Services (HHS), and the U.S. Dept. of Justice, announced on May 28 that King's Daughters Medical Center (KDMC) in Ashland, Ky., has agreed to pay the U.S. Government \$40.9 million to resolve civil allegations that it made millions of dollars by falsely billing federal health care programs for heart procedures that were performed on patients who didn't medically need them.

The investigation was handled by Attorney General Conway's Medicaid Fraud and Abuse Control Unit, the FBI, the U.S. Dept. of Health and Human Services Office of Inspector General (HHS-OIG), the Commercial Litigation Branch of the Dept. of Justice's Civil Division, and the U.S. Attorney's Office for the Eastern District of Kentucky.

The Commonwealth of Kentucky will receive \$1,018,380, which represents the state's share of the recovered Medicaid funds. The Medicaid program is funded jointly by the federal and state governments.

“We take very seriously our obligation to ensure the safety of patients in Kentucky and to hold accountable those who put profits ahead of patient care,” Attorney General Conway said. “I appreciate the hard work of my Medicaid Fraud Unit and all of the agencies involved in this case, and I am pleased that we are able to recover this money on behalf of Kentucky taxpayers and a vital state program.”



The government alleged that, between 2006 and 2011, KDMC maximized reimbursements from Medicare and Kentucky Medicaid by billing for numerous unnecessary coronary stents and diagnostic catheterizations performed by KDMC physicians. The government also alleged that the physicians falsified medical records in order to justify these unnecessary procedures, which allegedly generated millions of dollars in fraudulent reimbursements for KDMC. This alleged conduct violated the False Claims Act because under federal law, federal health care programs only reimburse providers for procedures that are deemed medically necessary.

To the knowledge of the U.S. Attorney's Office, this case marks the largest settlement involving a hospital in the history of the Eastern District of Kentucky. The settlement amount roughly doubles the amount of money KDMC received as a result of the alleged fraudulent billing for the unnecessary services.

Read more here: <http://migration.kentucky.gov/Newsroom/ag/kdmcsettlement.htm>

Election Fraud Hotline Receives 205 Calls During Primary Election

Attorney General Conway's Election Fraud Hotline received 205 calls from more than 60 counties between 6 a.m. and 7 p.m. (EST) during Kentucky's primary election on May 20. Forty-nine calls involved allegations of vote buying/selling. Prior to the election, the hotline received 91 calls, 21 of which were allegations of vote buying/selling.

"The Election Fraud Hotline is an important tool for voters to help protect the integrity of Kentucky's elections," General Conway said. "My office will thoroughly review each complaint for possible criminal violations. If an investigation is deemed necessary, the complaint will be referred to the appropriate agency."

Election Fraud Hotline Calls by Issue for 2014 Primary Election

- ▶ 49 Vote Buying/Selling (8 – Breathitt, 8 – Clay, 4 – Pike, 3 – Bell, 3 – Floyd, 3 – Harlan, 3 – Laurel, 3 – Owsley, 2 – Carter, 2 – Knott, 2 – Magoffin, 1 – Bath, 1 – Clinton, 1 – Knox, 1 – Lee, 1 – Morgan, 1 – Muhlenberg, 1 – Perry, 1 – Wayne)
- ▶ 43 Legal Questions
- ▶ 25 Procedural Questions
- ▶ 25 General Election Fraud/Other
- ▶ 16 Electioneering within 300' of Polls
- ▶ 12 Election Official
- ▶ 11 Special or Absentee Ballot
- ▶ 7 Residency
- ▶ 6 Voter Identification
- ▶ 5 Voting Machine
- ▶ 3 Voter Assistance
- ▶ 3 Disrupting Polls
- ▶ 2 Request for Assistance/Monitoring
- ▶ 2 Campaign Violation
- ▶ 1 Campaign Finance

Top Election Fraud Hotline Calls by County

- ▶ Breathitt – 15 (8 – Vote Buying/Selling, 2 – Disrupting Polls, 2 – Electioneering within 300' of Polls, 1 – General Election Fraud/Other, 1 – Legal Question, 1 – Procedural Question, 1 – Residency)
- ▶ Floyd – 12 (3 – Vote Buying/Selling, 2 – Legal Question, 2 – Voter Assistance, 1 – Campaign Finance, 1 – Campaign Violation, 1 – Election Official, 1 – General Election Fraud/Other, 1 – Procedural Question, 1 – Special or Absentee Ballot)
- ▶ Pike – 11 (4 – Vote Buying/Selling, 3 – Procedural Question, 2 – General Election Fraud/Other, 1 – Election Official, 1 – Electioneering within 300' of Polls)
- ▶ Pulaski – 11 (3 – Electioneering within 300' of Polls, 3 – General Election Fraud/Other, 2 – Residency, 1 – Legal Question, 1 – Procedural Question, 1 – Special or Absentee Ballot)

In addition to the hotline, investigators from General Conway's Department of Criminal Investigations patrolled precincts and polling places across the Commonwealth to respond immediately to complaints. The Attorney General's Office, which has jurisdiction to investigate and prosecute election law violations, is also a member of the Kentucky Election Integrity Task Force.

Track Jack



Attorney General Conway was recognized on May 20 as an "Affordable Housing Champion" for his leadership in the historic national mortgage foreclosure settlement at the Federation of Appalachian Housing (FAHE) Spring Meeting Luncheon. Video: <http://goo.gl/PbrRA2>



On May 9, General Conway discussed the heroin epidemic and efforts to expand access to substance abuse treatment with WLKY News. Watch here: <http://tinyurl.com/mdcf5pm>

Former Caregiver Indicted on Reckless Homicide Charge

A Western Kentucky man has been charged with one count of reckless homicide. A Graves County grand jury indicted 53-year-old Alan Warner on April 10. Warner was arraigned on May 12 in Graves Circuit Court and pleaded not guilty.

Alan Warner, of Paducah, Ky., is a former caregiver at a Community Alternatives Medicaid-funded facility in Hickory, Ky. Warner's indictment is the result of an investigation initiated by Attorney General Conway's Medicaid Fraud and Abuse Control Unit in 2012 following the suspicious death of a Community Alternatives resident. While caring for the resident, Warner is alleged to have acted recklessly in failing to follow his training and improperly treating the resident when the resident lost consciousness and eventually died.

This case will be prosecuted by General Conway's Medicaid Control and Abuse Unit. If convicted, Warner faces up to five years in prison. A charge is merely an accusation. A defendant is presumed innocent until and unless proven guilty.

Citizens are urged to report suspected fraud or elder abuse by calling the Attorney General's tip line at 1-877-ABUSE TIP (1-877-228-7384).

General Conway Announces Sentencing of Former NKU Athletic Director



Scott William Eaton

Former Northern Kentucky University (NKU) Athletic Director Scott William Eaton has been sentenced to 10 years in prison for stealing more than \$300,000 from the university during a six-year period. Campbell Circuit Court Judge Julie Reinhardt Ward sentenced Eaton on May 22 in accordance with a plea agreement he reached with the Office of the Attorney General in April. Eaton was also ordered to pay NKU \$311,215 in restitution.

"Scott Eaton used his position to defraud and take advantage of Northern Kentucky University at a time when higher education institutions are being asked to accomplish more with less," General Conway said. "I appreciate the hard work of my investigators and prosecutors who brought this case to a successful close, and I am pleased that Mr. Eaton is accepting responsibility for his actions and that his sentence includes restitution to NKU."

Eaton, 50, of Ft. Thomas, Ky., was charged in April by Criminal Information in Campbell Circuit Court with one count of theft by unlawful taking between \$10,000 and \$1 million for stealing \$311,215 from NKU from January 2007 to March 2013. Eaton pleaded guilty, agreed to serve the maximum term of 10 years in prison and pay restitution to NKU. He will also have to pay the mandatory felony fine of \$1,000 and court costs.

Last year, NKU President Geoffrey Mearns terminated Eaton's employment as NKU's athletic director when Mearns discovered Eaton had engaged in inappropriate relationships with employees and a student. NKU retained an external firm to audit athletic department accounts under Eaton's control. The audit confirmed suspicions that Eaton had also stolen funds from NKU.

Eaton stole the funds by defrauding NKU utilizing several different schemes. First, he used his NKU-issued credit card to purchase Kroger gift cards. He then utilized those gift cards to purchase items for his own personal use. This amount totaled \$262,106. Additionally, he purchased items for his own personal use on his NKU credit card. This amount totaled \$32,919. Furthermore, he used NKU resources to print and charge postage for items for the Massachusetts Basketball Coaches Association (MBCA), of which he was a member. When he sought and received reimbursement for these costs from MBCA, he kept the money for his own personal use instead of returning it to NKU. This amount totaled \$16,190. In all, the defendant took \$311,215 from NKU.



Attorney General Conway with NKU President Geoffrey Mearns



This case was investigated by General Conway's Department of Criminal Investigations. The prosecution of this case was handled by General Conway's Office of Special Prosecutions, with the assistance of Campbell County Commonwealth's Attorney Michelle Snodgrass.

More information: <http://goo.gl/wSzZUM>

Former Mason County Schools Superintendent Indicted

On May 27, Attorney General Conway announced the indictment of former Mason County School District Superintendent Timothy G. Moore. Moore, 58, was charged by a Mason County grand jury with one count of abuse of a public trust over \$10,000, a class C felony.

In February 2013, General Conway's Department of Criminal Investigations (DCI) initiated an investigation of the Mason County School District after receiving a letter of referral from Kentucky Commissioner of Education Terry Holliday. The investigation followed an audit conducted by the Kentucky State Auditor's Office and resulted in DCI investigators presenting information to the grand jury on May 23.

According to the indictment, from 2007 through 2012, Moore obtained and/or dealt with public monies and/or property, intentionally failed to make the required payment or disposition, and used them as his own in an amount greater than \$10,000 but less than \$100,000, thus committing the offense of abuse of public trust.



A criminal summons was issued and Moore will be arraigned in Mason Circuit Court on June 13. Mason County Attorney John Estill was appointed as a special prosecutor in this case. A charge is merely an accusation. A defendant is presumed innocent until and unless proven guilty.

Roofing Contractor Pleads Guilty in Grayson County

A roofing contractor accused of failing to perform repair services for Kentucky residents, despite being paid to do so, has pleaded guilty to two counts of theft by deception over \$500. James Twaddle, 41, entered the plea in Grayson Circuit Court on May 21. His three-year prison sentence was suspended for five years after Twaddle repaid approximately \$12,500 in restitution to the victims.



Twaddle was previously indicted on more than two dozen counts of theft by deception in Bullitt, Grayson, LaRue, Jefferson, and Scott counties. Earlier this year, Twaddle pleaded guilty to theft by deception charges in Bullitt, LaRue, and Scott counties and was ordered to pay restitution to the victims in those cases. The remaining cases in Jefferson County are still pending.

Twaddle was the president of Restore-IT USA, a roofing company located in Columbus, Ohio. Twaddle operated his business in Kentucky from an office located on Forest Green Blvd., in Louisville. From April 2012 until August 2012, Restore-IT USA employees would visit neighborhoods and sign storm victims up for roof repairs, collecting payments prior to any work being completed. Twaddle allegedly deposited the money into a company bank account and transferred the funds to his personal account; however, the roof repairs were never performed. Twaddle has also been indicted in Ohio on 42 counts of theft and insurance fraud related to the same scheme in the Columbus area.

Attorney General Conway encourages consumers needing storm repair work or cleanup services to follow these important tips:

- ▶ Never pay in advance for labor. Scam artists often take advance payments from consumers and never return to complete the work. If an advance is needed to purchase materials, offer to purchase the materials yourself.
- ▶ Use local, reputable contractors for repairs, if possible. If local contractors bring in out-of-town workers, ask who will be responsible for their work if it is not satisfactory.
- ▶ Ask if the contractor is licensed, bonded (if required by the city or county), and insured.
- ▶ Check unknown companies out with the Better Business Bureau or call the Attorney General's Office of Consumer Protection to see if information is available about the company.
- ▶ Demand a written contract. If possible, get estimates from several contractors.
- ▶ Be suspicious of unfamiliar, out-of-state vehicles and those who offer repair work at unreasonably low prices. Contact local law enforcement about your suspicions.

For additional information or to file a consumer protection complaint, call the Consumer Protection Hotline at 1-888-432-9257 or visit <http://ag.ky.gov>